

# Congressional Record

## SEVENTY-THIRD CONGRESS, FIRST SESSION

### SENATE

TUESDAY, APRIL 25, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Russell
Ashurst	Couzens	King	Schall
Austin	Cutting	Logan	Sheppard
Bachman	Dickinson	Louergan	Shipstead
Bailey	Dieterich	Long	Smith
Bankhead	Dill	McAdoo	Steiwer
Barbour	Duffy	McCarran	Stephens
Barkley	Erickson	McGill	Thomas, Okla.
Black	Fletcher	McKellar	Thomas, Utah
Bone	Frazier	McNary	Townsend
Borah	George	Murphy	Trammell
Bratton	Glass	Norbeck	Tydings
Brown	Goldsborough	Norris	Vandenberg
Bulkeley	Gore	Nye	Van Nuys
Bulow	Hale	Overton	Wagner
Byrd	Harrison	Patterson	Walcott
Byrnes	Hastings	Pittman	Walsh
Capper	Hatfield	Pope	Wheeler
Caraway	Hayden	Reed	White
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	
Copeland	Kendrick	Robinson, Ind.	

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK] and the Senator from West Virginia [Mr. NEELY] are necessarily detained from the Senate. I also wish to announce that the Senator from Illinois [Mr. LEWIS] is necessarily detained from the Senate on official business. I ask that these announcements stand for the day.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

#### THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of April 21, 22, and 24 was dispensed with and the Journal was approved.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following memorial of the House of Representatives of the State of Arizona, which was referred to the Committee on Banking and Currency:

STATE OF ARIZONA,  
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,  
State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Memorial 4, regular session, eleventh legislature, State of Arizona, entitled "Restoration of Silver as a Monetary Standard", all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona. Done at Phoenix, the capital, this 29th day of March A.D. 1933.

[SEAL]

JAMES H. KERBY,  
Secretary of State.

House Memorial 4, Restoration of silver as a monetary standard To the honorable Senate and House of Representatives of the United States of America in Congress assembled:

Your memorialist, the House of Representatives of the Eleventh Legislature of the State of Arizona respectfully represents:

The Legislature of Arizona is confronted with an economic depression more desperate than any confronting a previous legisla-

ture of this State. Our business concerns have either closed out or are on the verge of doing so. Our industries are either destroyed, stagnant, or in critical condition. Our homes are being lost. Many of our people are starving, Spartanlike, and large numbers of others are losing their self-respect through the acceptance of alms. The power of resistance of all is being lowered by the struggle against nervous shock.

We have given earnest thought to our distress and find that our plight is due to general conditions in the Nation and not to any local short-sightedness. Tax reductions, yes; and to the utmost, and maintain our social functions, but it was easier for our people with full earning power to pay our highest tax than it is for them to pay any tax now. If the depression continues much longer, it will not be possible for our people to pay taxes at all because they will have no earning power.

When the whole field of business and finance is surveyed and appraised one fact alone stands in bold relief. The fact is, high finance is the cause of this Nation's present trouble. High finance sold the foreign currencies and foreign bonds to our people. High finance foisted a great load of unproductive debt upon this generation. High finance imposed upon the country the high tariff which provided it with a dragnet of unearned profits. High finance provided the inflation for the market boom and the deflation for the depression of fear. High finance is striving for the cancellation of the war debts. What high finance has done this time it has done in one form or another repeatedly in the past. The American people must make up their minds as to whether they are fit to live under a democracy and run their own affairs or whether they shall admit defeat and accept a rule as absolute as any tyranny and which lays an exhausting tribute upon them from generation to generation. Control of money and credit is the secret of its power.

This is not the whole story of high finance. Its treatment of silver is one of its master strokes. There are many people in this Nation who only think they are opposed to silver, but the membership of high finance well know they are opposed to silver. The farther away from New York the locality the stronger is the support for silver, and the nearer to New York the section the weaker silver becomes. From New York the opposition is bitter, angry, and unyielding. This the country may well view with suspicion. Indeed in the light of the facts now at hand the country might well feel safe to fully remonetize silver simply because high finance is opposed. The reason back of the opposition of high finance to silver is that silver is a driving spearhead into their control of the Nation's money and credit.

It appears strange there should be any opposition outside of Wall Street to silver, when it is remembered that the sentiment for the restoration of silver by world agreement is nearly unanimous. Even Wall Street will assent to a world conference. But a world conference and a world agreement are vastly different. The history to date of world conferences on any subject indicate there is little likelihood of an agreement on silver. The attitudes of foreign nations since the war give little promise of acquiescence in anything that will not be of their own especial interest. They have repudiated their currencies. They begged and implored our help in the war. They cried for and secured drastic reductions in their war debts. They are now defaulting on the remainder and demanding cancellation. They have gone off the gold standard, arbitrarily pegged their rates of exchange below ours and repudiated a large percent of their debts to other nations, and by this action they delivered a body blow to this country, practically the only nation left on an unchanged gold standard. That action prevented their own nationals from buying in this country because they could not pay the tariff and also stand the loss in exchange. It enabled other countries to buy in their countries at great advantage with a stimulating effect to their trade. At the same time, it neutralized to some extent the fall in the price of silver. This resulted to their advantage in trade with the silver-using nations, from which trade we are still barred by our gold standard. They have erected tariffs to offset ours. By all these means they have us shut out of world trade. They have out-manuevered us and pushed us into a corner. Is it to be expected they will give us this advantage by restoring silver and thus allowing the silver nations to trade with us? No doubt Wall Street will agree to a world conference with so slight a chance for silver.

In 1925 silver was around 70 cents per ounce. That year England put India on the gold standard and began to dump India silver on the market. This was followed by reducing the silver content in the silver coins of England. Then France, Italy, Belgium, and other nations followed suit. From 1925 silver dropped until in 1932 it reached 24 cents, an all-time low in terms of gold since history or legend records any information. This process destroyed foreign markets for American agriculture



and enabled England and Europe to obtain, among other raw materials for their industries, American cotton and wheat at the lowest prices ever known. The American farmer, not being able to sell at a fair price at home because he was not protected, was now not able to sell except at a loss in the world market. This process also had the effect of destroying more than one half the purchasing power of one half the people of the earth with respect to their foreign trade. It has reduced their already low standards of life to still lower depths and is now contributing to the cause of the robber armies which are overrunning China, thus making it easily possible for Japan to have her way in Manchuria and wherever else in the Orient she is headed for. This constitutes the last chapter on silver. It is a repetition of our own Wall Street drive on silver in 1873 and 1893.

There is just a chance that England has something afoot again with respect to silver. If England should buy several billion ounces of silver with gold at less than 30 cents and then restore its value to 75 cents or \$1, it would constitute another grand enactment of high finance. There is a growing volume of sentiment in England for silver. She alone started its decline; she by herself with the help of her dominions can restore it to 70 cents, but with the help of the world it can be returned to \$1.29. There would not be anything new in the method. Before France reduced the gold content in her franc from 19 cents to 4 cents, she accumulated all the gold by every possible way that she could. England by going off the gold standard did two things at once. She started a phenomenal movement among her people and the people of India to turn in to the Government old gold possessed in any form to be melted down and paid for at a high price in sterling. Being off the gold standard enabled the Government to keep the gold after it was thus obtained. With this and other accretions of gold she can buy silver.

World conference or no world conference, those who believe in restoring silver by a world conference believe in silver. The only reason offered for a world agreement is to preclude the possibility of the world silver being dumped upon the United States in the event this country remonetized silver, and by dumping take our gold from us. Silver can be started back toward its former level without danger from this quarter.

The monetary system of the United States consists in round numbers of the following: Gold coin and bullion, 4 billion; silver dollars and subsidiary silver, 840 million; national-bank notes, subject to control of the national banks, 740 million; and Federal Reserve notes, subject to the control of the Reserve bank, 3 billion. The last two forms of money are issued upon the faith and credit of the country and the Government. In addition to these issues there are 347 million of United States notes, greenbacks. This makes 9 billion total money stock of the United States. To redeem it there are 4 billion in gold. This is now vividly demonstrated to be an impossibility, so the Government has found itself put to the extremity of placing an estoppel upon redemption. Half of the world is doing business on a gold basis; half of it is doing business on a silver basis. If the United States Treasurer had \$4,000,000,000 in silver and was on a silver basis as well as gold basis, more than half of its foreign trade would be present to offset the rush for gold at this instant. A second present defect in the character of money, as indicated, is that half of the volume is controlled by the banks. To illustrate what significance this carries, it can be stated that if that amount of money was replaced by silver the people would now be about doing business as usual.

It has been suggested that the amount of gold in the gold dollar be reduced: To illustrate, the \$4,000,000,000 of bullion and coin could be changed into \$8,000,000,000. This, however, would still possess the two fatal defects of the present set-up. It would have but one metal and too narrow a base, too easy to control, and therefore subject, as at present, to the ravages of high finance, both national and international. It would not help us with the silver-using nations.

Among the different methods this country could use to restore silver without waiting for a world conference the following is offered: Issue 500 millions of Government bonds. With the proceeds of these direct the Treasurer to buy and coin silver at the present ratio. Direct the Treasurer to coin as offered at the mints all American silver. Do not make the silver redeemable in gold. Retire bank circulation with whatever amount of silver dollars this purchase of silver will produce. As fast as American silver is coined, buy it with tax levies annually, issue silver certificates, and with these retire Government bonds that underly bank circulation. There need be no fear of world dumping of silver because none can come into the country for exchange except what is purchased. The banks can replace their present circulation out of the proceeds received from the liquidation of their Government bonds. Continue this process until the silver equals the gold in the monetary system. This will replace hard money for credit money without inflation. The Government's promise to pay, supported by faith in the Government and the world's faith in silver, is better than the Government's promise to pay, supported only by faith in the Government. The effect of these measures would be the immediate stimulation of the price of silver.

Another stimulus could be brought about by offering to let England make her next installment on war debts in silver, provided she agreed to take India silver off the market and restore it to use in India and also agree to restore in her own silver coins their former amount of silver. If this were done, it is more than probable that the silver price of 1929 would be reached before a world conference would convene. The advance in the price

would demonstrate to the conference that some would have authority to speak other than high finance because much of the matter disputed would have had already become a fact.

The effect on trade and business of the rise in the price of silver would be immediate. No fears need be entertained about the Government getting the taxes with which to make silver purchases. Within a short time the present earning power of the Nation of 13 billion would be raised to its former figure of 80 billion. Half the people of the earth would be given back the money or buying power taken from them since 1925. Our foreign trade for farm and factory products would be given an immediate impulse, especially so as these people have long been without the goods they want. This would break the deadlock. To recapture this trade we will either be compelled to go off the gold standard in order to checkmate other nations or we must restore silver. Adjusted tariffs will avail us nothing with depreciated foreign currencies still prevailing. Adjusted tariffs and restored currencies require dickering, swapping, and the consent of other nations which have not kept their agreements, either stated or implied. This country by itself can start the march of silver upward.

One other effect of restoring silver to our coinage would be a direct thrust at the inner core of the Nation's present difficulties. Silver would widen the metallic base underlying our circulation. That base is so narrow now that there is not the slightest chance of redeeming the currency in gold or paying a fraction of the two hundred billions of debt, public and private, all written in gold, in times of stress like the present when the one thing needed by the people is their own money. If there were gold and silver in the United States Treasury to redeem every dollar of circulation, there would be no depression now. As it is, there is such a tremendous amount of credit required to do the business of the country that it has been easy for a few who have accumulated vast reserves in money to effectively control credit and money based on it. Money not in circulation ceases to be money and credit that is not available is not credit. All admit now that prices fluctuate with the amount of money available for the transaction of business. Instead of having sound money, we find ourselves with the most unsound money of any civilized people.

At this juncture advertence might be had to the word tinkering. The only tinkering that has been done lays at the door of high finance. For 10,000 years gold and silver did duty together. It is like a thief calling, Stop thief! Instead of being alarmed at this goblin, it is now necessary for the people to survey the whole monetary structure.

These financial depressions could not occur if the people knew all about their monetary system and were familiar with the history of finance, particularly high finance. To this end we suggest that you assemble all the facts, duly verified, relating to the history of this depression and make it available to the common schools of the country. By this means the next generation will have a watchful eye on the buccaneers of high finance who know no conscience and no country.

Wherefore your memorialist solemnly urges upon you the restoration of silver to its former place in the economics of the world and this country as a major action for the breaking of the financial deadlock that is now ruthlessly working the ruin of this generation, and as a means of returning to the only sound monetary system the world has ever known.

Passed by the house March 13, 1933.

Received in the office of the secretary of state March 14, 1933.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Arizona, which was referred to the Committee on Public Lands and Surveys:

STATE OF ARIZONA,  
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA

State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Joint Memorial No. 8, regular session, eleventh legislature, State of Arizona, entitled "On the Transfer of the Remaining Public Lands of the State of Arizona", all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona. Done at Phoenix, the capital, this 29th day of March A.D. 1933.

[SEAL]

JAMES H. KERBY, Secretary of State.

House Joint Memorial 8 (on the transfer of the remaining public lands of the State of Arizona)

To the Senate and House of Representatives of the Congress of the United States of America:

Your memorialist, the Eleventh Legislature of the State of Arizona, in regular session assembled, respectfully represents:

That of the 72,000,000 acres of land within the State of Arizona more than 65 percent is controlled by the Federal Government and 10 percent is owned by the State. Thus there now remains only 25 percent of the area of the State to carry the burden of taxation;

That by reason of the great area of Government reservations and withdrawals, embracing all the forest lands and much irri-gable or tillable land, with withdrawals still being made for divers Federal purposes, the State of Arizona under the provisions of its enabling act, providing for the granting of lands for the benefit of



the schools and institutions, was unable to obtain lands of the best character and value; that the grant of four sections in place in each township for the benefit of common schools still remains of no value to the extent of those sections which are within the large area of the remaining unsurveyed public domain and that the value of many of the surveyed sections in place is impaired by questions as to the validity of title;

That the provisions of the enabling act which requires a minimum price of \$3 per acre upon the sale of grazing lands owned by the State effectually prevents the State from selling a considerable area of its lands the actual value of which is less than such minimum price, the result being that the permanent school and institutional funds cannot be augmented nor such lands developed by private owners and become subject to taxation.

Therefore your memorialist respectfully and urgently requests the enactment of legislation by the Congress which will by proper and feasible manner transfer the remaining public land to the State of Arizona, without restriction or reservation: And it is hereby

*Resolved*, That title to all the remaining vacant, unappropriated, and unreserved land should pass to the State, without reservation or restriction on account of the character thereof.

That title should vest in the State when and as selection of lands by the State are approved by clear listing instead of upon the acceptance by the State of a blanket grant, this in order to make the transfer in a clear, feasible, and practical manner, existing Federal statutes affecting public lands to continue in effect, and thus avoid many complications and uncertainties and the necessity for providing proper machinery of operation and adjudication, as to which some pending bills are unquestionably deficient.

That there be no provision whatever for additional Federal withdrawals and reservations of lands; that if some further withdrawals should be thought to be necessary or if some eliminations from existing reservations can be made it would be much safer for jurisdiction to remain in the Congress than to have unlimited authority given to administrative officials.

That the State should be granted the lands, without requirements and restrictions being made by the United States as to the administration or disposal thereof, the State government being entirely competent to administer its lands to the best interest of the State.

That the conditions and restrictions of the enabling act or other Federal statutes affecting previous grants of land to the State should be now removed in order that the State may be able to administer all its lands to the best advantage and make sales thereof, the existing minimum sale price of \$3 per acre being such an unwarranted restriction that disposal of much of the land is not possible.

That the Congress make ample provision for the prompt survey by the Government of the remaining unsurveyed public lands in order that the State may then make selections thereof.

That the Congress pass legislation providing for the transfer of the lands to the State and the administration thereof by the State in conformity with these declarations.

Passed by the senate March 7, 1933.

Passed by the house March 6, 1933.

Approved March 9, 1933.

Received by the secretary of state March 14, 1933.

The VICE PRESIDENT also laid before the Senate a communication from Frank T. Pomeroy, State senator, Mesa, Ariz., relative to an enclosed Senate Memorial No. 2 of the State Senate of Arizona, which was ordered to lie on the table and to be printed in the RECORD, as follows:

#### Senate Memorial 2

*To the Senate and House of Representatives of the Congress of the United States:*

Your memorialist, the Senate of the Eleventh Legislature of the State of Arizona, respectfully represents:

Whatever its origin, the economic depression from which the Nation is suffering owes its continued existence to the withdrawal from circulation, for reasons which will not here be reviewed, of a great portion of the national currency and of the various forms of money credit.

This shortage of currency and of money credit must be relieved before prosperity can return.

There must be an expansion of the Nation's circulating mediums of exchange, an expansion which will not increase the burden of taxation.

The bonded debt of the United States, in round figures, is \$21,000,000,000, an indebtedness which is costing the taxpayers approximately \$1,000,000,000 per annum.

It is withholding from circulation a vast sum of money which otherwise would be invested in employment-making, business-stimulating enterprises.

Wherefore your memorialist urges that the Congress enact legislation (and the submission of a constitutional amendment if necessary) looking to an increase of the national currency in the amount of the national bonded debt; that a date be fixed on which the interest on United States bonds will cease, and that the new currency be employed in the retirement of all such bonds; and your memorialist submits that while saving the taxpayers a billion dollars annually in interest, such action will release the stupendous sum now being hoarded through investment in Government bonds for investment in lucrative private

enterprises, and start into forward motion the endless chain of circulating wealth which inevitably brings prosperity.

And your memorialist will ever pray.

Adopted by the Arizona State Senate, eleventh legislature, March 12, 1933.

W. F. GRAHAM, *Secretary of Senate.*

The VICE PRESIDENT also laid before the Senate the following resolution of the House of Representatives of the State of Nebraska, which was referred to the Committee on the Judiciary:

Resolution memorializing the Congress of the United States to enact uniform Federal corporation laws

Whereas the individual States of the United States of America have widely divergent laws applicable to the organization, filing of articles, and rights and powers exercised by corporations created and operating within their respective borders; and

Whereas the primary and fundamental purposes of the laws of the several States in the enactment of laws concerning corporations were to bring such legal entities under the jurisdiction of the police powers of the States and, incidentally, to provide a source of revenue by which such corporations might be supervised for the public welfare; and

Whereas, under and by virtue of loose and easy laws enacted by some of the States of the Union with respect to the organization and management of corporations, has resulted in certain types of corporations, on account of laxity and want of uniformity in State laws, to find an asylum by incorporating under the laws of those States which do not pretend to exercise any supervision or any control over corporations filing their articles therein; and

Whereas, by reason of corporations organizing under the laws of States other than those in which the principal place of business of said corporation is in reality intended to be conducted, the officers and directors thereof have been enabled to carry out dire and sinister programs which, had said corporations been organized and their articles filed under the laws of the State where they operate, or had the Congress of the United States heretofore elected to require that corporations filing articles should do so under the terms and provisions of uniform Federal statutes, such abuses, inimical and dangerous to the public welfare, would, in most cases, never have occurred; and

Whereas the States in which said corporations organized for sinister purposes should have been incorporated to a large extent are powerless to exercise any jurisdiction whatever over said corporations and suffer heavy losses in revenue to be derived from corporate organizations if such corporations had been organized and operated under its laws, and for years have been compelled to stand idly by and watch the pillage and plunder of its citizens who have invested and lost millions of dollars through the operations of unscrupulous and piratical holding and operating companies organized and doing business under the laws of some foreign State; and

Whereas there is little hope that effective uniform legislation which adequately will control corporations will ever be enacted by the several States: Now, therefore, be it

*Resolved by the House of Representatives of the State of Nebraska in forty-ninth regular session assembled—*

1. That this house respectfully petitions and memorializes the Congress of the United States forthwith to proceed with the enactment of uniform laws affecting corporations, and that said laws, when enacted, shall be applicable in all respects to the several States of the Union.

2. That the chief clerk of this house be directed forthwith to forward copies of this resolution, properly authenticated and suitably engrossed, to the President of the United States, the Vice President of the United States, and to the several Senators and Congressmen representing the State of Nebraska in the National Congress, to the end that necessary remedial, uniform laws affecting corporations be considered and enacted without further delay.

J. H. STEUTEVILLE.

I hereby certify that the above and foregoing is a true and correct copy of said resolution as passed by the house of representatives in forty-ninth session assembled this 14th day of April 1933.

MAX ADAMS, *Chief Clerk.*

The VICE PRESIDENT also laid before the Senate a communication from Judge Benjamin S. DeBoke, of Springfield, Ill., together with a resolution adopted by the Springfield (Ill.) Chapter Reserve Officers' Association of the United States, protesting against any cut in the numbers of the officers or enlisted men of the Regular Army, and also against any reduction in the national defense program, which were referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the City Fire Fighters Association, of Washington, D.C., favoring the filling of vacancies in the fire department of the District of Columbia by the promotion of members of the existing personnel of the department who have exhibited the necessary qualifications for the performance of the duties,

which was referred to the Committee on the District of Columbia.

He also laid before the Senate a resolution adopted by the Methodist Men Committee of One Hundred of the United States at the Logan Methodist Episcopal Church, Philadelphia, Pa., favoring the enactment of legislation authorizing the operation of the so-called "Taylor plan" for the relief of poverty and distress in the United States, etc., which was referred to the Committee on Education and Labor.

He also laid before the Senate 2 letters and 4 telegrams in the nature of memorials from 60 citizens and 1 organization in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a communication in the nature of a petition from the Mental Patients Defenders Association, by Samuel Friedman, president, of Chicago, Ill., praying for an investigation of alleged mistreatment of mental patients in institutions for the care of the insane, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the City Council of Quincy, Mass., favoring the setting aside of April 30, 1933, as Presidential Day "as a day of thanksgiving and prayer in behalf of the President of the United States", etc., which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by Unit No. 6, Irish-American Independent Political Unit, Inc., of Brooklyn, N.Y., endorsing "Senator Long's zeal for honest execution of the 'new deal'" and expressing confidence in his integrity, which was ordered to lie on the table.

#### 6-HOUR DAY AND 30-HOUR WEEK

Mr. KING. Mr. President, I have received a number of telegrams from citizens of the State of Utah expressing opposition to the so-called "Black 30-hour week work bill," and stating also that any attempt to operate under the bill would be impracticable and injurious to employees, as well as the public generally. I ask unanimous consent that certain of the telegrams among those received by me may be published in the RECORD and lie on the table.

There being no objection, the telegrams referred to were ordered to lie on the table and to be printed in the RECORD, as follows:

PRICE, UTAH, April 23, 1933.

Hon. W. H. KING,

*United States Senator, Washington, D.C.:*

We urge you to do all possible to defeat proposed Black and Perkins bill, as we feel this bill will be detrimental to the operations as well as employees in our mining industries in Utah.

O. K. CLAY.  
W. E. KNOX.  
A. N. SMITH.  
CARL W. EMPEY.  
WALLACE WAYMAN.

PROVO, UTAH, April 23, 1933.

Senator WILLIAM H. KING,

*United States Senate, Washington, D.C.:*

Passage of Black-Perkins bill would be another serious handicap to recovery and ruinous to many of our business firms and industries without correcting or aiding unemployment. It might cause complete shutdown of plants and mines near Provo. We urge you to use all your influence to prevent it from becoming law.

PROVO CHAMBER OF COMMERCE.

PROVO, UTAH, April 22, 1933.

Hon. WILLIAM H. KING,

*Senate Office Building, Washington, D.C.:*

Believe it impractical to operate mines, coke plants, blast furnaces, and steel plants 6 hours per day 5 days per week, as proposed in Black-Perkins bill. For 2 years we have rotated employment extensively and impartially as employer in iron and steel industry, and for the welfare of Utah I hope you will do all possible to defeat this bill.

GEORGE D. RAMSAY.

PROVO, UTAH, April 22, 1933.

Senator WILLIAM H. KING,

*Washington, D.C.:*

The Black-Perkins bill would be decidedly impracticable to the iron, steel, and coal-mining industry of Utah. As director of per-

sonnel local industry, wish to say we are rotating labor and have done so for over 2 years. This bill is not suited to this industry and should be defeated.

E. C. HINCKLEY.

PROVO, UTAH, April 22, 1933.

Hon. WILLIAM H. KING,

*Senate Office Building, Washington, D.C.:*

As an employee of the steel industry, I believe passage of the Black-Perkins bill would be a blow to the future of this industry in our State, as I do not believe it economically possible to operate mines, blast furnaces, or steel plants on a 6-hour-day or 5-day-week basis, and it is physically impossible to operate coke plants on this basis. I therefore believe you should do all in your power to defeat this bill.

W. C. MILLER.

#### REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, to which was referred the bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, reported it with amendments and submitted a report (No. 41) thereon.

Mr. BARKLEY, from the Committee on Banking and Currency, to which was referred the bill (S. 1415) to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases, reported it without amendment, and submitted a report (No. 42) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, reported it without amendment, and submitted a report (No. 43) thereon.

Mr. WAGNER (for himself and Mr. COSTIGAN), from the Committee on Banking and Currency, to which was referred the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, reported it with amendments and submitted a report (No. 44) thereon.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHITE:

A bill (S. 1520) for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes; to the Committee on Commerce.

By Mr. STEPHENS:

A bill (S. 1521) making an appropriation to provide for certain repairs within the national military park at Vicksburg, Miss.; to the Committee on Appropriations.

A bill (S. 1522) authorizing the Secretary of War to make certain repairs within the national military park at Vicksburg, Miss.; to the Committee on Military Affairs.

By Mr. CAPPER:

A bill (S. 1523) for the relief of the Capitol Building & Loan Association, of Topeka, Kans.; to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 1524) for the relief of John J. Doyle; to the Committee on Claims.

By Mr. DILL:

A bill (S. 1525) to prevent discriminations against American ships and ports, and for other purposes; to the Committee on Finance.

By Mr. WAGNER:

A bill (S. 1526) for the relief of Ann Engle;

A bill (S. 1527) for the relief of Charles A. Lewis; and

A bill (S. 1528) to amend section 3702, Revised Statutes; to the Committee on Claims.

A bill (S. 1529) to provide retirement insurance for railway employees, and for other purposes; to the Committee on Interstate Commerce.

By Mr. BYRD:

A bill (S. 1530) for the relief of James E. Haynes;



A bill (S. 1531) for the relief of Elizabeth Buxton Hospital; and

A bill (S. 1532) for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay; to the Committee on Claims.

A bill (S. 1533) to authorize and direct the appointment of Levin Milton Price as a first lieutenant, United States Army; to the Committee on Military Affairs.

A bill (S. 1534) granting a pension to Grace A. Coates; and

A bill (S. 1535) granting a pension to Addie L. Shugars; to the Committee on Pensions.

#### RELIEF OF AGRICULTURE—AMENDMENT RELATIVE TO THE CURRENCY

Mr. DILL submitted an amendment intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

#### DEVELOPMENT OF THE TENNESSEE VALLEY—AMENDMENT

Mr. McKELLAR submitted an amendment intended to be proposed by him to Senate bill 1272, the Muscle Shoals and Tennessee Valley development bill, which was ordered to lie on the table and to be printed.

#### HOME OWNERS' LOAN ACT—ADDRESS BY SENATOR BYRNES

Mr. HAYDEN. Mr. President, on Monday night I had the pleasure of listening to a very interesting speech over the radio by the junior Senator from South Carolina [Mr. BYRNES]. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

RADIO ADDRESS OF HON. JAMES F. BYRNES, OF SOUTH CAROLINA, APRIL 24, 1933

Ladies and gentlemen of the radio audience, there are approximately \$20,000,000,000 loaned upon homes in this country, and of this amount more than \$4,000,000,000 are today in default. This is the situation which President Roosevelt seeks to relieve by the proposal he has submitted to the Congress establishing the home owners loan corporation for the purpose of offering emergency relief and establishing Federal savings and loan associations in order to provide permanent relief.

The corporation established under the act will have a capital stock of \$200,000,000. It will be authorized to issue bonds not exceeding \$2,000,000,000. The interest upon bonds will be guaranteed by the Government, and the bonds will be exempt from taxation, other than surtaxes, gift, and inheritance taxes. The principal will not be guaranteed. The corporation will be authorized to exchange bonds for mortgages upon the basis of 80 percent of the value of the property as determined by the board, where the present value of the home does not exceed \$10,000. It is estimated that three fourths of the homes occupied by owners would today be appraised at \$10,000 or less and therefore would come within the provisions of the bill.

To illustrate, let us assume that in 1929 you purchased or constructed a home at a cost of \$15,000 and gave a mortgage to an insurance company for \$12,000. Since that time you have paid upon the debt \$2,000, leaving the amount due at this time \$10,000. Let us further assume that the market value of the home today is not in excess of \$10,000. By reason of your reduced income or by reason of unemployment you are unable to make further payments upon the debt. The insurance company does not want to foreclose. It is not in the real-estate business and knows that, if forced to purchase the home at foreclosure sale, it would have little chance to resell it, and it cannot well engage in the business of renting homes all over the Nation. The insurance company has in its portfolio bonds which have depreciated in value. In many instances they have sold such bonds and taken their loss.

The officials of the company realize that in just the same way the value of the mortgage held over your home has depreciated in value. They can go to the corporation established by this bill and sell your mortgage to that corporation for 80 percent of the value of the home today, to wit: The sum of \$8,000 in bonds. The bonds which the company secures, with interest guaranteed by the Government, would have a ready market. The bonds would be a safe investment, because they would be secured not only by the capital stock of the corporation but by your home at a valuation of \$8,000 instead of the \$12,000 which was originally loaned on the home.

When the corporation secures your mortgage in exchange for the \$8,000 in bonds you would be requested to execute a new mortgage to the corporation for the sum of \$8,000. The debt would be amortized over a period of 15 years and the rate of interest fixed at 5 percent. Instead of owing the insurance company \$10,000, you would owe the corporation \$8,000. Instead of paying 6-percent or 7-percent interest, you would pay 5 percent. Instead of being haunted with the fear of losing your home, you would have an opportunity to pay for that home during the next 15 years. Payments would be made monthly, but the framers of the bill realized that in case you are in default upon the existing mortgage, the chances are you would not be able to meet the

payments upon the new mortgage in the near future. The bill therefore gives to the board the right to suspend payments during the 15 years at any time sufficient cause is shown, provided the suspension in all of the period does not amount to more than 3 years. This would make it possible for a loan to be repaid in 18 years instead of 15 years.

The objection is made that the privilege should be extended to homes valued in excess of \$10,000. It should not be forgotten that homes valued at \$10,000 today would include many that were valued at \$15,000 and \$18,000 in 1929. Further objection is made that the rate of interest should be lower than 5 percent. While the interest rate in a few of the larger cities is 5 percent, the average interest on home mortgages throughout the Nation is approximately 7 percent. More important than the reduced interest rate is the provision for amortization over a period of 15 years. The home owners in America with short-term mortgages have been forced every few years to refinance their debt at great and unnecessary expense.

The privilege illustrated in the case of an insurance company would extend to any person or corporation holding a mortgage over a home. It should be distinctly understood that it is entirely voluntary and there is no compulsion upon the owner of any mortgage to exchange his mortgage for the bonds referred to. However, it is believed that because of the depreciated value of the homes under mortgage and the desire to avoid foreclosures, and the ease with which the bonds could be converted into cash, thousands of mortgagees will avail themselves of the privilege of exchanging their mortgages for these bonds, thereby offering relief to thousands of American home owners.

The bill does not provide for direct loans to build new homes. It authorizes loans to the extent of \$200,000,000, which can be used solely for the purpose of paying taxes or to make essential repairs, provided the total amount of bonds and advances does not exceed 80 percent of the appraised value of the property. In other words, if under the illustration heretofore given, bonds for \$7,500 instead of \$8,000 were exchanged for your mortgage and you owed \$500 taxes, the corporation could advance the \$500 for the payment of taxes and you would execute to the corporation a mortgage for \$8,000.

The permanent features of the plan provide for the establishment of a system of Federal savings and loan associations in localities where such institutions do not now exist. These localities embrace about one third of the counties of the Nation. The Reconstruction Finance Corporation will subscribe stock of \$100,000,000 for the purpose of establishing these local institutions. The subscription is comparable with the subscription to the preferred stock of banks provided in the Emergency Banking Act. These local associations will be authorized to lend for home financing only within the localities in which they are established, and they will be authorized to borrow from the home-loan bank of their district, so that for every dollar subscribed by the Government they will be able to secure and lend approximately \$3. It is proposed that the Government's investments in the institutions will be retired in 5 years, the institutions continuing on a permanent basis. They will be established only where adequate facilities do not now exist. These institutions would not disturb existing building and loan associations, and provision is made for a building and loan association to convert itself into one of the new savings and loan associations.

I think it is accurate to say that the system of home-loan banks established in July 1932 has not given to the home owners of America the relief expected by them and hoped for by those responsible for the enactment of the law. The establishment of these savings-and-loan associations, under the provisions of this bill, will make the home-loan bank system an effective agency for relief. An appropriation is made for the purpose of giving to the people information as to the methods by which such associations can be organized and begin to function within the very near future.

The administration realizes that with the closing of so many local banks and the inability of insurance companies and other institutions to lend money upon homes it is essential that some method be provided for the financing of home mortgages and seeks by this bill to furnish the opportunity to secure such loans.

Refinancing existing mortgages and reducing the rate of interest paid by home owners will not remedy all the evils today confronting the people; but if as a result of the adoption of this plan hope shall supplant fear in the hearts of the home owners of America, they can with greater intelligence and greater courage face the problems daily confronting them.

When great unemployment exists great unrest exists. It is aggravated when one fifth of the home owners of the Nation are in default in payment of mortgage debts and face eviction from their homes. To relieve this situation, the President suggests this plan. It is sound. It is practical. We must hope for its adoption and for its success, because, after all, I agree with the sentiment expressed by the eloquent Henry Grady when he declared that the safety of this Republic rests not upon the strength of its Army and its Navy but upon the homes of America and upon the character and the loyalty of the men and women who reside in those homes.

#### THE ELECTRICAL REVOLUTION

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Nation of April 26, 1933, entitled "The Electrical Revolution", by Jerome Count. The article calls attention particu-



larly to the large part of the revenues of the electrical companies which goes into the hands of stockholders and bondholders and how small a part goes to labor.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Nation, Apr. 26, 1933]

THE ELECTRICAL REVOLUTION

By Jerome Count

The first 30 years of the twentieth century will perhaps be recorded in history as the electrical revolution. During that period the production of electricity in America rose from 2,000,000,000 kilowatt-hours to 90,000,000,000 and the number of purchasers of electricity increased from 500,000 to 24,500,000. Not fewer than 80,000,000 Americans now live in homes served by electricity. But behind the brilliant array of toasters, heaters, iceboxes, cookers, and washing machines stands a vast army of underpaid, insecure utility workers and overcharged consumers. The growing protests of small consumers and utility employees against the rate and labor policies of the electric light and power industry suggest an inquiry into the extent to which the rewards of a vast development have been shared with the electric-utility wage earner and the small domestic consumer who is now the mainstay of the industry.

It is found that large wholesale users buy energy for one quarter of what it costs small domestic consumers. Between 1920 and 1931 the domestic user of current increased his consumption 400 percent, compared with an increase of less than 200 percent on the part of the wholesale consumer. Notwithstanding his larger contribution to the electrical prosperity of the past decade, the domestic consumer in 1931 was compelled to pay 36 percent of the Nation's electric bill, although he received only 13 percent of all energy consumed. At the same time the wholesale consumer received 60 percent of all energy and paid only 30 percent of the total revenue. The extent of discrimination between the domestic consumer and the wholesale consumer is illustrated again by the relative cost per kilowatt-hour to privileged classes of users. In 1931 wholesale consumers paid 1.48 cents per kilowatt-hour, while the average rate to all consumers was 2.75 cents. Domestic users, however, paid 5.82 cents, although it has been computed by Morris Llewellyn Cooke that this price exceeds a fair rate by 2.32 cents. The domestic consumer, in other words, is overcharged some \$300,000,000 every year. Finally, while consumption by large wholesale and industrial users has steadily declined since the depression began, domestic consumption has risen sufficiently almost to cancel the loss of wholesale revenue, and the average bill of the electric consumer is now higher than it was at the peak of prosperity. Mechanical refrigeration alone has added about \$60,000,000 to the annual revenues of the entire electric utilities.

Labor has derived far less advantage from the enormous development of the electric industry than even the domestic consumer. Whereas since 1902 profits have multiplied 29 times, wages have multiplied only 18 times, and the number of employees has multiplied only 8 times. Had the share of labor increased in the same proportion as profits, each power employee would now be receiving "wages" at the rate of \$20,000 a year, or, assuming that wages remained constant and increases were paid in leisure, the utility laborer would now be working only 2½ hours a week. The observation that the revenues of the industry would not permit this boom to labor serves only to stress the shocking degree to which utility capital has gained advantage over its employees during this great development. Dividend payments to capital account for \$575,000,000 of present revenues, but the toll that capital takes from the industry is not measured by dividends alone. The report of the Federal Trade Commission on National Wealth and Income (1926) gives the results of an investigation into the relative share of labor and capital in the Nation's industries. This report concludes significantly: "The electric light and power industry is remarkable because of the fact that labor receives only about one third and capital about two thirds of the total value product." This finding was based upon a comprehensive study of a 7-year period. For the last year reviewed, capital in the electric light and power industry received \$511,000,000 while labor earned only \$249,800,000.

To what extent the finding of the Commission is an understatement of the contrast is shown, for example, in the comparison of the power industry and steam railroads in 1 year. Railroad labor received 90.4 percent of the total value product while utility labor received only 37.6 percent. On the other hand, railroad capital received 9.6 percent while light and power capital received 62.4 percent. A comparative table (for a 6-year average) again shows utility labor at the bottom of the scale with capital at the top:

Division of value of product between capital and labor

Industry	Percentage to labor	Percentage to capital
Construction	92.8	7.15
Water transportation	83.3	16.2
Steam railroads	75.2	24.8
Telegraph and cable	72.1	27.2
Telephone	68.9	30.5
Manufacturing (all)	63.2	36.8
Street and electric railways	62.8	37.2
Mining, quarrying, and oil	59.3	40.7
Electric light and power	33.9	66.1

Despite the tragic implications of this alinement of capital and labor, it was the proud boast of the National Electric Light Association (recently rechristened Edison Electric Institute) that "an investment in a power and light company is . . . particularly free from the effect of varying labor conditions. The average labor cost of all power and light companies is approximately 21.5 percent of their combined gross earnings. Compare this with the 45 percent to 55 percent labor charge of the average railroad." Beside this boast should be set the low-wage average in the industry. A recent study shows that while in transportation utilities the average income of salaried workers rose from \$976 to \$2,084, the salaries of employees in the power industry in the same period rose from \$899 to \$1,795. At the same time average salaries in industry as a whole rose from \$916 to \$2,028. A similar comparison in respect to other workers in the power industry shows that the wage earner, as distinguished from the salaried employee in this industry, received \$666 in 1909 and \$1,398 in 1927, as against a rise to \$1,436 from \$616 for wage earners in all industries combined.

It is evident that electrical labor has received little benefit either in volume of employment or scale of wages from the technological perfection of the industry as compared with the volume and certainty of dividends and interest paid to capital. Utility executives, however, have pointed to the permanence of employment as a compensation. "The industry," they said to prospective investors, "is depression-proof"; and they permitted labor to believe that the safety enjoyed by shareholders and bondholders would be matched by security of employment.

The stock bromides fed to employees by utility executives during the headlong decade of 1921 to 1931 were "security of tenure" and "continued advancement to the faithful." An "Employees' Handbook" of platitudes and homilies was issued and some 50,000 copies were distributed to instruct employees in the ritual of loyalty and service—and the evils of "political ownership" of utilities. Security and advancement were constantly stressed.

Few utility employees realized that their security depended primarily upon whether the consumers' demand for electricity kept pace with technical advances in the industry and sustained construction projects. The technical progress of 25 years had increased the capacity of each employee by 260 percent—from 82,700 to 297,500 kilowatt-hours a year, or a product worth almost \$9,000 per employee. Only eight times as many employees are needed to generate forty times as much energy. New construction projects have offered little better security to the worker. It has been the insistent claim of the industry and its executives that in response to a "patriotic urge" suggested by President Hoover in 1929 construction programs were deliberately accelerated in 1930 in order to sustain what they then believed to be "temporary unemployment." A glance at the construction expenditures of the preceding period is enough to show the falsity of this claim. The decade ending in 1930 was marked by vast consolidations and mergers followed by large increases in stock issues and bond sales. Anticipating the need of meeting additional dividend and interest loads, an attempt was made to reorganize operations through the unification of various systems that had been brought under the same financial control. The unified companies, therefore, undertook large construction projects to effect these economies and to anticipate further increases in demand for electricity, and this long before the so-called "temporary unemployment" of 1929.

Construction had more than doubled between 1922 and 1927. Accelerated construction continued at an even greater pace from 1927 until the end of 1930. It did not occur, as the industry asserts, only after the unemployment conference with President Hoover, but was the natural culmination of a decade of intense development. At the first indication that increases in demand for electricity would partially subside, the "patriotic urge" to sustain employment petered out, although unemployment had become more acute; when the wholesale lay-offs began in 1931, revenues were still \$30,000,000 above 1929.

The industry immediately cut down its construction program by \$325,000,000 and discharged 36,000 employees with an annual wage loss of \$54,000,000. At the end of this same period, so devastating to labor, President Owens of the National Electric Light Association approvingly quoted the Federal Power Commission as saying that "no other great industry exhibits a like resistance to the general economic influence of this period" insofar as revenues from consumers is concerned. "And," he continued, "I might also add, insofar as net income available for investors is also concerned." At the same time Electrical World, standard-bearer of the industry, happily reviewed . . . the unique record for maintenance of dividends by power and light companies, and said editorially that "measured by use of electric service, this country is stable, and those who supply this service are the most prosperous business group in the Nation. . . . Thus the utilities are up to about 100 percent when weighed by statistics." This was at the beginning of 1932.

Indeed, guaranteed dividends and bond interest of the operating companies continued unbroken. This, of course, is not true of some of the holding companies, which, to be sure, are without justified existence and have merely served to increase the insiders' profits at the expense of the consumers and investors. The financiers had capitalized the leading companies at dividend levels which they hoped would be maintained by increased demand for electricity. Up to that time the demand had doubled every 5 years. When, instead, revenues decreased about 1 percent (some other industries had lost as high as 50 percent of their business), holding companies collapsed of their own weight. Some operating companies, however, had increased their stock issues and paid



added dividends. At the end of the year 1931, after the discharge of 36,000 employees and the continuance of dividends and interest on bonds, the leading publication of the industry reported that "financial distress of operating companies was conspicuous by its absence. Even in areas most dependent on industries hard hit, power companies made a good showing." And again: "Utility companies suffered relatively little, if an energy output drop of 3.75 percent and a revenue fall of less than 1 percent can, indeed, be called suffering."

The industry is now loaded with staggering stock and bond issues, aggregating some \$12,000,000,000, on which dividends and interest must be paid to capital. In 1932 dividends and bond interest of the operating companies again remained intact but labor suffered another decline of 30,000 wage earners, with an annual wage loss of \$45,000,000. Construction expenditures were again cut, this time by some \$375,000,000, although one of the industry's leading executives speaking to his "fellow employees" said: "We stand today on the threshold of a sturdier and more solid development than our industry has known for nearly a score of years." He spoke, of course, from the standpoint of capital, since his own company discharged 2,500 employees that year.

At the beginning of 1933, while employees were being discharged at the rate of 3,000 per month and the wages of 3,000 more were being cut, Electrical World again reported a year of general capital prosperity and said: "No serious threats to utility progress and prosperity exist." Meanwhile construction projects have been delayed to a critical point which impairs efficiency and provides utilities with pretexts for maintaining exorbitant rates. The cessation of improvements will deprive consumers of rate increases which were often promised out of unification savings in exchange for the approval of consolidations and mergers granted by many public-service commissions. The public will pay for the stoppage of improvements while utility employees starve.

Workers to the number of 66,000 have been discharged and employment in the electrical industry has been reduced 22 percent below the level of 1930, although revenues have declined only 8 percent. In years of prosperity electrical labor received but one third while capital collected two thirds of the spoils, but in times of depression, while the swollen share of capital is untouched, labor suffers in the ratio of three times the decline in revenues. Electric-utility labor now faces the threat of a further lay-off of 20,000 employees, impending wage cuts, and part-time employment, although its pay roll has already been reduced by \$100,000,000. In 1933 the consumer will pay about \$1,900,000,000 to the industry, of which \$575,000,000 will go to stockholders in dividends, \$240,000,000 in interest to bondholders, and only \$348,000,000 to labor. Capital will also receive \$250,000,000 in reserves to maintain security values. Once again the lion's share of revenues paid by the consumer will be reaped by capital—more than \$1,000,000,000 as against a third of that sum to 230,000 employees.

Utility employees in New York City have started a movement toward organization which may have far-reaching results. A militant union of 75,000 employees throughout the Nation would go far to bring tangible improvement. Add to this strenuous resistance to high rates on the part of consumers, and the electrical industry may be brought to justice.

#### RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. REED. Mr. President, the power for which President Roosevelt is asking is without any precedent in our governmental history. The Constitution gives to Congress the power to regulate the currency. It does not give us the power to delegate it. And the Constitution was wise in that provision, because to put such a power into the hands of a single individual would be the most unwise governmental act that could be conceived.

I am ready to grant the high patriotism and honest resolution of President Roosevelt; I make no criticism of him as an individual; but when we contemplate the fact that he must function day in and day out, in health and in illness, when feeling well or when affected with a headache, that he must, as a single individual, be exposed to the pressure of every fanatic and every demagogue who thinks that in this way lies the salvation of the depressed classes of America, it is a terrible power to give to a single individual. No one has ever put it better than did Thomas Jefferson in his Kentucky Resolutions of 1798, and I beg the Senate to listen to what Mr. Jefferson then said. Certainly the founder of the Democratic Party is as much entitled to respect as are any of his later disciples. Here is what Mr. Jefferson said:

It would be a dangerous delusion were a confidence in the men of our choice to silence our fears for the safety of our rights. Confidence is everywhere the parent of despotism; free government is founded in jealousy, not in confidence. It is jealousy, and not confidence, which prescribes limited constitutions, to bind down those whom we are obliged to trust with power. Our Constitution has accordingly fixed the limits to which, and no further, our confidence may go. In questions of power, then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution.

I would that his words could be remembered in these days when it is proposed to give unparalleled power to our President. He ought not to want it.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CONNALLY. Did not the Senator from Pennsylvania at the last session of Congress deliver an address on the floor of the Senate in which he said that what this country needed was a dictator?

Mr. REED. I did.

Mr. CONNALLY. But now the dictator is under a different regime.

Mr. REED. I should oppose this grant of power just as strongly if it were asked for President Hoover as I am trying to oppose its being granted to Mr. Roosevelt.

Mr. CONNALLY. The Senator did propose it at that time?

Mr. REED. That was a rhetorical expression. It was never dreamed by me that any such power as this would be asked or expected, and if Mr. Hoover had asked it I would have tried to be the first to refuse it.

Mr. President, in this morning's Baltimore Sun there is one of the most powerful editorials on this question that I have yet seen. I have a very high regard for the Baltimore Sun; it seems to have a rather low regard for me, and, to paraphrase Voltaire, perhaps we are both wrong. At any rate, be that as it may, I recommend that editorial to every Senator because of the information and the clear thinking it contains. It is too long for me now to quote it, but I send it to the desk and ask that it may be printed in the CONGRESSIONAL RECORD immediately after the conclusion of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(See Exhibit A.)

Mr. REED. Mr. President, it is suggested that this power is not expected to be exercised. If that is so, why ask it? Why should we expose the President to the volley of propaganda to which we ourselves are being subjected? He would get it a hundredfold. I know that my experience is no different from that of any other Senator, but I am physically unable even to read the letters that are coming in, there is such a mass of them on both sides. Why expose President Roosevelt to that in granting him a power if we do not expect him to use it? He will be forced to use it. The pressure from the public would be so great that he would have to use it.

When it is said that this power is merely given without expectation of its exercise, I think that our hopes are getting the better of our good judgment. It might be President Roosevelt's present intention not to use that power, but he could change that intention. He has changed his intentions many times in recent months. Just before election day this is what he said to his fellow countrymen whose votes he was asking. In his speech in Brooklyn on the night of November 4, referring to one of President Hoover's speeches, he said:

The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape the country had some months ago from going off the gold standard. This, as has been clearly shown since, was a libel on the credit of the United States. No adequate answer has been made to the magnificent philippic of Senator GLASS the other night in which he showed how unsound was this assertion, and, I might add, Senator GLASS made a devastating challenge that no responsible Government would have sold to the country securities payable in gold if it knew that the promise, yes, the covenant embodied in these securities, was as dubious as the President of the United States claims it was.



And yet the Senator from Nevada [Mr. PITTMAN] told us last Friday here in the Senate that he did not expect that any of the outstanding Government bonds could be or would be paid in gold, in spite of the covenant to pay them in gold at the present standard of value. In so short a time we have come to the point where one of the administration leaders here in the Senate rises and tells the country that he does not expect that we can or will perform our covenant to pay those bonds.

Then President Roosevelt continued:

Of course, the assertion was unsound. In the reiterated apologies for it that have come from the administration many words have been added like leeches to suck from the original statement its deadly meaning. But this administration is not content with adding words to make a bad case look good. It also knows how to take words away to make a bad case look better.

Then he went on to say:

One of the most commonly repeated misrepresentations by Republican speakers, including the President, has been the claim that the Democratic position with regard to money has not been made sufficiently clear.

I ask your attention to this, Mr. President. This is from a speech delivered less than 6 months ago. Speaking of President Hoover, Mr. Roosevelt said:

The President is seeing visions of rubber dollars. This is only a part of his campaign of fear. I am not going to characterize these statements. I merely present the facts. The Democratic platform specifically declares, "We advocate a sound currency to be preserved at all hazards." That is plain English. In discussing this platform on July 30 I said, "Sound money is an international necessity, not a domestic consideration for one nation alone." Far up in the Northwest at Butte I repeated the pledge of the platform, saying, "Sound currency must be maintained at all hazards." In Seattle I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

That is what President Roosevelt said about sound money on the eve of his election. That is what he said about it within 6 months of this moment. And now, Mr. President, he is sponsoring the Thomas amendment plus the Wheeler amendment, and in those two amendments is embodied every variety of unsound money that the wit of man can suggest. I beg you to use your knowledge of fiscal affairs, Mr. President, your knowledge of fiscal history, and tell me, if you can, whether the history of the world contains any kind of unsound currency that is not included in the Thomas-Wheeler amendments.

I am not characterizing these proposals as unsound on my own authority. I say that human experience has shown us no variety of unsound currency that is not provided for in the pending amendments.

Back in 1896 we fought a campaign that was called the sound-money campaign. What was the proposal against which we fought as unsound? What did the American people then vote to be an unsound type of currency? The free and unlimited coinage of silver at a fixed ratio of 16 to 1. That is here now. The President is supporting it. He supports not the heresy that was rejected when Bryan offered it but the worse heresy of giving him the right in his uncontrolled discretion to direct the unlimited coinage of silver at any ratio he may fix. It may be 60 to 1, which is the present ratio in market prices, or it may be 6 to 1, and no man can say him nay. No one could control his decision. If the power were valid, if the grant of it is not unconstitutional, one man can put into effect by his ipse dixit a proposal that would be a thousand times worse than that which Bryan suggested in the campaign of 1896.

What other kinds of unsound money does the world's history show us? Henry VIII followed the example of his Roman predecessor and started to clip the coinage. We provide for that here in the pending amendments. Debasement of the metallic content of the coinage of a country is an old trick practiced by most of the despots in history. The Thomas amendment provides for that. Half the gold in our coinage can be taken away by the ipse dixit of President Roosevelt or whoever may succeed him in the White

House. Have we confidence in him? Have we confidence in our distinguished Vice President, who presides over this body? Of course, we have; but they are mortal like the rest of us. We do not know who may inherit these powers. We ought not to give them to anybody.

Back in the history of governmental finance stands out glaringly, as one of the worst cases of printing-press money, the money of the French Revolution, the assignats as they were called. About 1790 the fiscal condition of France became so bad that she was hopelessly insolvent, and she tried floating popular loans, beginning at 4½ percent, then 5 percent, and raising the interest rate even higher, but every effort along that line was a failure. She tried even popular subscription, asking people to send in their trinkets as contributions to the treasury of France. Many patriotic people did it, and many pretty stories are told of the responses which they made to that appeal. But the response furnished only about 1 percent of the immediate necessities of the French treasury.

Then Necker, who was Minister of Finance at the time, evolved the interesting idea that currency could be issued secured by an assignment, for the benefit of the holder, of all the church lands which had recently been confiscated. A good part of the surface of France had been owned by the church. The French Government had confiscated those lands. Theoretically those assignats, as they were called, were secured by an assignment of the land which had been confiscated from the church. As a matter of fact, of course, the holders of the particular assignats never could sell them. They could not have recourse to that collateral, so it amounted to nothing but the naked promise of the French Government to pay so many coins in exchange for the paper money.

The thing grew and the necessities grew. The issue was controlled, oh, very sternly controlled in the beginning. I think of that when we are told that this is only a controlled inflation that is suggested to us now. I think I have here the figures. I found an interesting article by one W. H. Gribble in the Fortnightly Review back in 1923, being an interesting description of Necker's experiment. By the way, I was wrong when I said it was Necker who managed the first inflation. He was guilty of the second one, but the first was John Law. The first inflation took place while Law was minister of finance.

Here is the way Gribble described the situation in France. It is so much like ours today that I am impelled to read one or two paragraphs from the article. I think the Senate will find it interesting. Speaking of Law, Gribble said:

He was a banker with ideas, and his principal idea can be summed up very briefly.

He had observed that there was plenty of currency in rich countries and very little currency in poor countries. He drew the inference that currency was the source of wealth, and that the creation of currency would result in the creation of wealth. France was a poor country at the time, hard hit by the cost of Louis XIV's bid for European hegemony, culminating in the long War of the Spanish Succession. The regent was in a mood to listen to any plausible man with a plausible nostrum. He listened to Law, gave him a free hand, and eventually made him his finance minister; and Law set to work, with a light heart, to produce bank notes.

His original conception was not altogether an unsound one. Merchants needed, and could make good use of, the credit which a bank could provide. Notes, adequately secured, and therefore inspiring confidence, facilitated and consequently stimulated trade. They were more portable than coins—an important consideration in those days of imperfect communication—and they were easier to count. As long as they were issued only as against gold safely deposited in the vaults of the bank, he who issued them could justly be acclaimed as the benefactor of his kind, and no wrong could be done to anyone by making such notes legal tenders for certain purposes, or even for all purposes. The trouble came only when notes were issued on quite other security—on the security, for instance, of the shares of the company which Law formed for the purpose of paying off the national debt—increased and multiplied until the amount in circulation approached 3 milliards of francs, yet continued to be legal tender. But then it came with a catastrophic rush.

It is an intricate story, too long to be told in all its technical financial details; but it is to be noted that, as the hour of disaster drew near, all those phenomena which we now associate with inflation in Germany, Austria, and Russia made their appearance. There was feverish speculation in currency—



I interrupt myself to ask Senators to look at the financial pages of their papers any day this past week if they want to see what feverish speculation in money can do.

Mr. LOGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. LOGAN. I note that the author from whom the Senator has read speaks of Law's issuing credits on gold alone, and states that that, of course, was sound, but when he began the issuance of credits based on something other than gold that it was unsound.

We departed a good while ago, did we not, from basing credits alone on gold? We require only 40 percent of gold, or something like that, behind our currency now.

Mr. REED. That is right.

Mr. LOGAN. Then is it unsound to the extent of 60 percent?

Mr. REED. No; not at all; because experience shows that that reserve is perfectly adequate.

Mr. LOGAN. That, I think, is true.

Mr. REED. And, of course, I ought to say that the Senator well knows that the remaining 60 percent is secured.

Mr. LOGAN. By something other than gold.

Mr. REED. Yes; by something else than gold.

Mr. LOGAN. Which the author from whom the Senator was reading says is unsound. But the Senator is speaking now of the experience that France had during the revolution and how badly it turned out. I hope that the Senator, before concluding his remarks, will discuss the recent depreciation of the currency by France, and tell us how that turned out, when they cut the franc into 5 francs, I believe.

Mr. REED. Yes; I shall be glad to do so. I will not forget to do that. France has repeatedly resorted to inflation, and each time the result has been an unhappy and an unjust one. But let me finish about the first, because this answers those sincere Americans who point to the recent feverish rise in stock prices and commodity prices as a great benefit coming merely from the suggestion of inflation and, therefore, seek to prove by that, by the performances of the market in recent days, that inflation is an unqualified benefit to the country.

This account of John Law's inflation goes on:

There was feverish speculation in currency, evolving a class of "new rich", whose dissolute lives and vulgar extravagance provoked the "new poor" to mockery and indignation. Parsimony ceased and capital evaporated, because nobody thought it worth while to hold a depreciating currency. Bankruptcies abounded, because debtors discharged their obligations in that currency. Prices rose, because everyone who became possessed of notes rushed to buy land or houses or jewels or other tangible treasures. Gold and silver were first hoarded and then smuggled out of the country. The law forbade their exportation in vain, and equally vain was the attempt to keep up the credit of the notes by an alternation of promises and threats. Panic broke out and developed into riot. Law had to take refuge in the Palais Royal, where the police had great difficulty in protecting him from the mob, left the country in disgrace, and soon afterward died in poverty.

Other financiers stepped in to clear up the mess as best they could, and the notes disappeared from circulation. Those found in the hands of the "new rich"—a class arbitrarily identified by special commission—were simply taken from them and canceled, a decree that no one should travel without a passport under pain of death making it impossible for them to get abroad with their ill-gotten gains. The rest . . . were also demonetized, but stock in the national debt was given to the holders in exchange for them.

That was the first great French experiment in inflation. Its moral was clear, and one might have expected it to be drawn and remembered. Politicians, however, have short memories, and drowning financiers always clutch frantically at straws.

Mr. President, that type of inflation is in this bill. Controlled? Yes, Mr. President; at the last moment a \$3,000,000,000 limitation was put on the issuance of greenbacks.

The Senator from Nevada [Mr. PITTMAN] criticized my use of the word "greenbacks" as describing these bills. They are issued, Mr. President, under the same act of 1862 under which the greenback money of those days was issued. They are issued under precisely the same law. They are unsecured promises to pay, without one vestige of reserve behind them; and that is the definition of a greenback—a note which is nothing more than the naked promise of the Gov-

ernment to pay a certain amount. If one looks in the dictionary he will find that it defines a greenback as just such a note.

Mr. BORAH. Mr. President—

Mr. REED. I yield to the Senator from Idaho.

Mr. BORAH. This money is to be issued under the act of 1862.

Mr. REED. Precisely.

Mr. BORAH. There is the same thing behind it—namely, the promise of the Government—as there was in 1862.

Mr. REED. That is right; and the notes issued under the act of 1862 went to such a discount that they were worth only 35 cents in gold. A paper dollar was worth 35 cents in gold after the Civil War.

Mr. BORAH. It is true, however, that it has been declared by historians and by the Supreme Court of the United States that without issuing greenbacks in 1862 we would have lost the war.

Mr. REED. Perhaps that is true; but we were driven to a desperate expedient. We knew it was desperate when we did it. The event proved that it was desperate. The notes did depreciate terribly; and if the war had gone on, and their issuance had gone on, we would have been as badly off as was France.

Mr. BORAH. It seems to me, Mr. President, that we ought to argue this amendment upon the theory that we are meeting a great national emergency just as they were in 1862. No one would propose this measure in normal times or in ordinary conditions, and no one would have proposed the greenbacks in 1862 had there not been a great emergency confronting the country. I am considering the proposition upon the theory that we are meeting a great national emergency. When the emergency is over, the United States will redeem its pledge and will resort to whatever is necessary in order to establish a sound dollar.

Mr. GLASS. Mr. President—

Mr. REED. I yield to the Senator from Virginia.

Mr. GLASS. I wanted to arrest the attention of the Senator from Pennsylvania a while ago, when my observation would have been more pertinent than right now. In his recital of French history and the John Law episode there appeared to be omitted a very important fact, which was that it was made a capital offense, with punishment by the guillotine, for any citizen of France to discriminate in favor of gold and against the printing-press currency. We have now gone far beyond that, however. We have made a statutory criminal of every American citizen who holds gold.

Mr. REED. The Senator is exactly right. I think, however, that the law he speaks of, that made it a capital offense to discriminate in favor of gold and against these notes, was the one which was passed in the subsequent inflation that was engineered by Necker. At that time they tried every sort of absurdity, threats, and intimidation to keep up the value of these notes.

Mr. HASTINGS. Mr. President—

Mr. REED. I yield to the Senator from Delaware.

Mr. HASTINGS. In connection with the observation made by the Senator from Idaho that he considered this justifiable because of the emergency—

Mr. BORAH. I was speaking of the greenbacks.

Mr. HASTINGS. Yes; the greenbacks—I call attention to the fact that the amendment provides that—

An amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes—

is appropriated. It seems to me that if it is an immediate emergency we ought not to provide for any cancellation, and certainly nobody should expect the emergency to last for 25 years before they are canceled.

Mr. REED. Let me first answer the Senator from Virginia.

In Necker's inflation it was found that the Government was unable to arrest the fall of the assignats, and this is what is said of their action:

Successive governments . . . attributed the fall to royalist intrigues, to the machinations of speculators, to any cause rather than their own abuse of the printing press, and they sought to



subdue the laws of economics by making terror the order of the day. Those who refused assignats in payment of their debts, or inquired before concluding a bargain whether it was proposed to settle accounts in assignats or in cash, were to be imprisoned and kept in irons for periods ranging from 6 to 20 years. Those who spoke disparagingly of assignats were to be put to death. All to no purpose, and attempts to fix prices were equally unavailing.

Then it goes on to show how all those who were living on pensions or on salaries from the State or from private employers were reduced to a miserable pass, so that the pension which a few months before was adequate for one's maintenance now was not enough to maintain the individual for 1 month, much less a year.

Mr. President, I am sorry that there is not time—it would be an abuse of the patience of Senators—to read further from that interesting period in history.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield to the Senator from Oklahoma.

Mr. GORE. The Senator from Idaho observed that it is conceded on the part of the authorities that the Civil War might have been lost to the Union but for the issuance of greenbacks. I have not read the accepted authorities to that effect.

Wesley C. Mitchell, one of the recognized authorities upon that subject, has estimates that the Civil War would have cost \$833,000,000 less than it did cost if the greenbacks had not been issued and if specie payments had been maintained.

Henry C. Adams, another acknowledged authority on public debts, has made a similar estimate, and has condemned the policy of issuing greenbacks.

William G. Sumner, who is also a recognized authority, condemns the issuance of the greenbacks, and says the Government at the time was confronted by these two alternatives: Either inflation, high prices, and large imports, on the one hand; or increased taxation, specie payments, low prices, and large exports, upon the other hand. James Gallatin, son of Albert Gallatin, then president of one of the leading banks in the United States, combated the policy at the time, and suggested that a wiser, a safer, and a more economical course could be pursued; and I believe that Mr. Chase, then Secretary of the Treasury, afterwards challenged the wisdom of the greenback policy. As Chief Justice he afterwards handed down the majority opinion of the Court in the case of *Griswold against Hepburn*, holding that the Greenback or Legal Tender Act was unconstitutional in respect to debts entered into prior to its passage. That case, of course, was overruled in the later *Legal Tender cases*.

I might add this: We now maintain some \$346,000,000 worth of greenbacks in circulation. Some Senator a few days ago praised the policy, remarking that we maintained a gold reserve of some \$150,000,000 against greenbacks. We resumed specie payments January 1, 1879. The interest on the gold reserve, at current rates, from that time until this, far exceeds the entire amount of the greenbacks now outstanding. To that extent at least the greenbacks would have been a financial luxury.

Mr. BORAH. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I yield.

Mr. BORAH. I desire to read a paragraph from the decision of the Supreme Court of the United States in the *Legal Tender cases*, Twelfth Wallace, at page 540, where they said:

We do not propose to dilate at length upon the circumstances in which the country was placed, when Congress attempted to make Treasury notes a legal tender. They are of too recent occurrence to justify enlarged description. Suffice it to say that a civil war was then raging which seriously threatened the overthrow of the Government and the destruction of the Constitution itself. It demanded the equipment and support of large armies and navies, and the employment of money to an extent beyond the capacity of all ordinary sources of supply. Meanwhile the Public Treasury was nearly empty, and the credit of the Government, if not stretched to its utmost tension, had become nearly exhausted. Moneyed institutions had advanced largely of their means, and more could not be expected of them. They had been compelled to suspend specie payments. Taxation was inadequate to pay even the interest on the debt already incurred, and it was

impossible to await the income of additional taxes. The necessity was immediate and pressing. The Army was unpaid. There was then due to the soldiers in the field nearly a score of millions of dollars. The requisitions from the War and Navy Departments for supplies exceeded fifty millions, and the current expenditure was over one million per day. The entire amount of coin in the country, including that in private hands, as well as that in banking institutions, was insufficient to supply the need of the Government 3 months, had it all been poured into the Treasury. Foreign credit we had none. We say nothing of the overhanging paralysis of trade, and of business generally, which threatened loss of confidence in the ability of the Government to maintain its continued existence, and therewith the complete destruction of all remaining national credit.

It was at such a time and in such circumstances that Congress was called upon to devise means for maintaining the Army and Navy, for securing the large supplies of money needed, and, indeed, for the preservation of the Government created by the Constitution. It was at such a time and in such an emergency that the Legal Tender Acts were passed. Now, if it were certain that nothing else would have supplied the absolute necessities of the Treasury, that nothing else would have enabled the Government to maintain its Army and Navy, that nothing else would have saved the Government and the Constitution from destruction, while the Legal Tender Acts would, could anyone be bold enough to assert that Congress transgressed its powers? Or, if these enactments did work these results, can it be maintained now that they were not for a legitimate end, or "appropriate and adapted to that end", in the language of Chief Justice Marshall? That they did work such results is not to be doubted. Something revived the drooping faith of the people; something brought immediately to the Government's aid the resources of the Nation; and something enabled the successful prosecution of the war and the preservation of the national life. What was it, if not the legal-tender enactments?

Mr. GORE. Mr. President—

The PRESIDING OFFICER (Mr. TYNDINGS in the chair). Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield to the Senator.

Mr. GORE. I do not intend to enter upon a discussion of that issue, which ran not only through the politics and finance but through the courts of the country for nearly half a generation. I was reading last night the History of Greenbacks, by Mr. E. G. Spaulding, who was the author of the act of February 25, 1862. He also aided in the preparation of the act of August 5, 1861. He said that if Secretary Chase had exercised the power or discretion which Congress deliberately vested in him under section 6 of that act the emergency which forced the greenbacks might not have arisen.

Under the act of August 5, 1861, the Government was empowered to borrow \$150,000,000 from the banks. The loan was negotiated. Secretary Chase insisted that the banks advance that loan in coin, which they did. That forced the suspension of specie payments the last of December 1861, and rendered necessary the passage of the act of February 25, 1862, the greenback law. When that measure was pending, I believe in the House of Representatives, Justin S. Morrill, of Vermont, and Valentine B. Horton, of Ohio, foreshadowed and described the very consequences which would ensue from the enactment of that law, and their speeches, prophecies when they were made, read like history today. My point is that we ought not to close our eyes against the lamp of experience and shut out its light.

Mr. REED. Mr. President, as my contribution to the dialogue which has just taken place, I want to call attention to this fact: That this is the only time in history, so far as I know, when a nation has resorted to inflation when it did not have to. During the Civil War the necessities of the case were supposed to force the resort to this type of inflation. The Senator from Idaho has given an excellent picture of those necessities. Whether that reasoning was right or wrong, those responsible thought it was right at the time. They had to resort to a measure which many men feared.

The French, in their various resorts to inflation, have been driven to it. The Germans thought they were driven to it. All these countries which have debased their currency or resorted to inflation by the issuance of paper money have been driven to it. But now we are asked to do it of our own volition and not through compulsion. We are asked to do it because of the social benefits it is supposed to bring.



Mr. President, I sat amazed yesterday at the language of the sponsor of the amendment in describing the purposes of offering it. I beg the Senators who did not hear his speech to listen to what the Senator from Oklahoma [Mr. THOMAS] yesterday described as the motive for the introduction and support of the amendment. I presume that, in presenting it for the administration, he is also presenting this argument for the administration. This is what he said:

Mr. President, the amendment, in my judgment, is the most important proposition that has ever come before the American Congress. It is the most important proposition that has ever come before any parliamentary body of any nation of the world. Saving the single issue of the World War, there has been no issue joined in 6,000 years of recorded history as important as this issue pending here today.

My old Bible used to say that Adam and Eve were born in 4004 B.C.; so that it will be seen that the Senator from Oklahoma is not restrained by diffidence in going clear back to Adam and Eve. This is the most important thing, he says, since Adam and Eve, with the single exception of the war with Germany. Then he goes on to say:

Mr. President, it will be my task to show that if the amendment shall prevail it has potentialities as follows: It may transfer from one class to another class in these United States value to the extent of almost \$200,000,000,000. This value will be transferred, first, from those who own the bank deposits. Secondly, this value will be transferred from those who own bonds and fixed investments.

I want to make that statement clear. No issue in 6,000 years save the World War begins to compare with the possibilities embraced in the power conferred by this amendment. Two hundred billion dollars now of wealth and buying power rests in the hands of those who own the bank deposits and fixed investments, bonds, and mortgages. That \$200,000,000,000 these owners did not earn, they did not buy it, but they have it, and because they have it the masses of the people of this Republic are on the verge of starvation—17,000,000 on charity, in the bread lines.

If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that \$200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation.

That is the declaration of the sponsor of the amendment, the spokesman of President Roosevelt, the spokesman of the administration; that is the declaration of the purpose and effect of the amendment we are now considering.

We are not, as our fathers were in the Civil War, driven to this by the present necessities of the Treasury. No; we are going to do the most important thing since the Garden of Eden; we are going to take all the bank accounts and all the bonds and all the investments from the present owners, who, according to the Senator from Oklahoma, did not earn any of them, although some of us thought that our savings from our day-to-day earnings, which we had in the bank, or which he had invested somewhere, had been earned. It seemed to us we were earning them. It seems to a lot of the savings-bank depositors that when they put a little of their pay checks each month into the bank they have earned that money. But, according to the Senator from Oklahoma, we assume it is all unearned, and that the people who have it ought not to have it. So his amendment is going to take \$200,000,000,000 from those folks who have it and give it to the debtors of the Nation, who presumably did not earn it, either; but, anyway, one class is to be stripped of its property in order to give to another class.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHEELER. In effect, however, that is what is done by reason of inflation, is it not? I would not go so far as the Senator has—

Mr. REED. The Senator means he would not go so far as the Senator from Oklahoma has gone?

Mr. WHEELER. Yes; not so far as the Senator from Oklahoma went.

Mr. REED. I am glad to know that.

Mr. WHEELER. But I do say this, and I say it without fear of being challenged as to the correctness of my statement, that when wheat and cotton, and such things go down in their purchasing power to one sixth or one seventh of

what the normal purchasing power of those products was in some instances during the year 1929, then there is taken away from the debtor class, and from the class of producers of this country, and, in fact, given to those who were the creditors, a tremendous amount which the latter class have not earned.

Mr. REED. Of course, that is true. Every time prices change, either upward or downward, it results to the disadvantage or the advantage of either debtor or creditor, as the case may be, and the fall in prices at present is no more unjust to one group than was the extravagant rise in prices in 1920, for example, unjust to another group. We cannot change our currency around every time the price level changes. We have to have some fixed standard somewhere.

Mr. WHEELER. I agree that there should be some fixed standard, but I do say this to the Senator, in my humble judgment: We point with horror to what happened in Germany in 1923, and we point with horror to what occurred in Austria in 1923 and 1924, and likewise to what occurred in Russia, where the inflation went to the extreme, and practically all creditors were completely wiped out. If we permit the same thing to happen in deflation, we will have exactly the same situation, if the deflation goes far enough.

Mr. REED. I grant that.

Mr. WHEELER. This is what ought to happen, in my judgment, and this is what I have been fighting for: Not to wipe out entirely the creditor class but to bring back purchasing power and to raise the prices of the commodities which the producer has to sell so that he can pay off his indebtedness. I am not in disagreement with the Senator with reference to the power that is proposed to be granted to the President of the United States by this bill whereby he is to be given the right to cut the gold content of the dollar down to 50 cents at any time he sees fit. My own view about that matter is that the Congress of the United States has been going entirely too far in granting power to the Executive, and permitting him to make cuts, for instance, in the Veterans' Bureau and in the Agricultural Department.

Mr. REED. Now let me answer the first part of what the Senator has said. All through the argument of the Senator from Oklahoma goes the assumption that we who oppose this bill are hard-hearted men who want to grind down the debtor class for the presumed purpose of making a few millionaires richer. Of course that is just plain rubbish. Every one of us feels as does the Senator from Montana, that it is imperative to raise the prices of commodities; that it is for the best interests of the whole country that the price level should be raised. All of us want to bring relief to the debtor class; all of us who have any ideas at all can see that the present depressed prices of commodities and of all property weighs with undue severity on the men who have borrowed money. The farmer has to produce more wheat in order to pay a dollar in taxes or a dollar in interest. We all realize that. I think we have as much ability to see that as has the Senator from Oklahoma. What we object to about his amendment is not his desire to raise prices, because we all share that desire, but we say he is going about it in a perfectly poisonous way, and that the method to which he is resorting in order to raise prices has been proved by history over and over again to be calamitous to the nation that resorts to it. It is not that we dissent from his desire to raise prices, although I think his distribution of \$200,000,000,000 by confiscation from one class in order to give to another class is an idea to which most of us will not agree.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Nebraska?

Mr. REED. I yield.

Mr. NORRIS. I am very much gratified to hear what the Senator from Pennsylvania has just said. I think he has expressed it very fairly, that we are confronted with the proposition that we must raise commodity prices in order to permit those in debt to pay what they owe. We have started with the same end in view.

Mr. REED. Absolutely.



Mr. NORRIS. But the Senator from Pennsylvania thinks this particular amendment is entirely wrong, of course?

Mr. REED. I think it is desperately wrong.

Mr. NORRIS. I assume, having that view but having the same object that we all have, the Senator will propose in lieu of this some remedy that he believes will bring about the result which we are all seeking?

Mr. REED. I think the remedy was made apparent to us when the markets reopened for the first time after Inauguration Day. The people appeared to have great faith in President Roosevelt; they had great faith in his professed ability to correct this situation, and the revival of confidence was such, the increase of cheer was such that the wheat market jumped 5 cents on the first day after the market opened. That was not because the people expected inflation; it was not then that they were talking about this inflation proposal. There is the best kind of farm relief that has ever been suggested—the natural action of a rising market that follows a restoration of confidence; and I will say, Mr. President, that the quickest relief that could be given to the American farmer and the American workman would be for Franklin D. Roosevelt to come out today with the firm statement that, so far as the power lies in him, he will not permit the American currency to be inflated. Should he do so there would be such a boom as has not been seen for years.

Mr. NORRIS. Mr. President, permit me to say that was something that occurred almost daily during President Hoover's administration, and conditions continued to grow worse every day.

Mr. REED. That was because here in Congress—

Mr. NORRIS. Does the Senator think if President Roosevelt would make the announcement that he is opposed to any inflation of the currency that wheat and other commodities would continue to rise?

Mr. REED. I think the speculators who have been buying in the last few days might sell, and there might be a temporary drop, because the rise in recent days has been wholly unhealthy. The difference is that anything that Mr. Hoover was known to favor could not pass Congress. We collectively baited him and refused to cooperate with him every day of his administration. Now the circumstances are exactly reversed. We would pass Mother Goose through Congress today if Mr. Roosevelt asked us to do so.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. NORRIS. It seems to me, if the Senator will yield further—

Mr. REED. I yield to the Senator from Nebraska, so that he may finish.

Mr. NORRIS. I think the Senator is wrong in his statement about President Hoover's not being able to get anything through Congress. When Mr. Hoover was President, it is true, he opposed, for instance, every method of farm relief that came in here for a great many years. He did so while he was in the Cabinet and also after he became President. It was through his influence that most of the proposed remedies were defeated.

Mr. REED. He proposed the Farm Board idea, as I recall.

Mr. NORRIS. I am coming to that. We continually challenged those who were opposing suggested remedies to bring in something of their own, and President Hoover did it. We had the farm relief bill, and we passed it, and pretty nearly everybody voted for it.

Mr. REED. And now pretty nearly everybody is sorry for it. I know I am sorry.

Mr. COUZENS. And we had the Reconstruction Finance Corporation.

Mr. NORRIS. Yes; the Reconstruction Finance Corporation and other things, and still conditions became worse. I voted for the Farm Board bill only because I had been saying continually from year to year, mostly to Mr. Hoover, if what we propose is not right, bring in something else, and I will not stand in the way, and I did not. I voted for it, although I did not believe it was going to work, and it did not work very well.

Mr. REED. Let me read something that was said by the Abbé Maury back in 1790, when people who were advocating inflation asked him the same question the Senator from Nebraska just asked me. He was asked, "If you do not like this, what do you propose as an alternative?" and Abbé Maury said, "The issue of paper money will be a public calamity. People ask me, 'If you object to these assignats, what are you proposing to substitute for them?' I reply, 'What would you like me to substitute for this wild beast which is about to devour us?'" That is the way he expressed it. We do not want to substitute another unsound idea for this one. It is no argument for a proposal like the Thomas amendment that we cannot pull out of the hat some other piece of magic that will be better. There are just some things that the Government is incapable of doing, and this is one of them. I now yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, getting back to the Senator's remark a while ago about the rise of 5 cents a bushel in the price of wheat immediately upon the reopening of the markets after the 4th of March, the Senator will recall that during the bank holiday and the market holiday we had passed an emergency banking act which provided for the issue of \$2,000,000,000 of additional currency, and during the time when the banks were closed the Bureau of Engraving and Printing actually printed in preparation for its use \$2,000,000,000 of currency.

Mr. REED. Yes.

Mr. BARKLEY. The newspapers, of course, carried stories about the printing of that money and stated that it would be available for use by the people of the United States.

Mr. REED. That is right.

Mr. BARKLEY. As a matter of fact, it is all down there yet on shelves.

Mr. REED. Proving conclusively that our trouble is not a shortage of currency.

Mr. BARKLEY. It does not prove that, except that the agencies which it was expected would use that money and filter it out to the people have not availed themselves of it; they have not been willing to use this facility and have not called for it, because they would not loan it to the people. Is the Senator able to say that the expectation that that \$2,000,000,000 would be available and would be circulated among the people and would be used in commerce had anything to do with the immediate rise in prices as soon as the markets were reopened?

Mr. REED. I do not think it had much to do with it.

Mr. BARKLEY. Why not?

Mr. REED. What cheered the people was the idea that we had stopped the string of bank failures, that firm and decisive action had been taken to stop the drain on our gold, that the banks that were permitted to open were sound banks, and that the Government by this method—of course it helped—was allowing the sound banks to use every particle of currency they needed to meet any run if a run should come.

Mr. BARKLEY. The Senator is also aware of the fact that there are now about \$8,000,000,000 of credits, of deposits—of course, it is not all represented in cash because there is much duplication and it is difficult to state how much actual money is represented by \$10,000,000,000 in bank deposits—

Mr. REED. The bank deposits of the country are much more than \$10,000,000,000.

Mr. BARKLEY. I understand that, but I am now speaking about the deposits in closed banks. There are about \$8,000,000,000 locked up in banks that are still closed, representing in part money, representing in part checking accounts, representing in part credit as we know it in business; so that if this entire \$6,000,000,000—and I am trying to draw the Senator out as to his views; I am not attempting to criticize his argument—but if the entire \$6,000,000,000 provided for in this amendment were issued—which is hardly probable—I should say it would not absorb as much in money or in credit as the total amount now tied up in the closed banks of the United States.



Mr. REED. First, the Senator must not delude himself into thinking that only \$6,000,000,000 of inflation is provided for by the pending measure, because in the five sections embraced in the bill unlimited inflation is provided for. First, there are \$3,000,000,000 of Treasury notes which may be used to retire outstanding Government obligations.

Mr. BARKLEY. Which leads me to suggest also that 51 percent of the very Government obligations which are to be retired are now in the hands of banks, which ties up still more available currency which might be put to work for the benefit of the people.

Mr. REED. Will the Senator let me finish my answer to him?

Mr. BARKLEY. Yes; but I wanted to get that in.

Mr. REED. First, there are the \$3,000,000,000 of Treasury notes authorized to be issued for the purpose of buying Government obligations on the open market or elsewhere. Second, there are another \$3,000,000,000 of Federal Reserve notes authorized to be issued by the Federal Reserve banks with which to buy securities from the Government, and next there is provision for debasing the gold content of the dollar down to 50 percent of its present standard, and that is unlimited except by the 50 percent provision.

Mr. BARKLEY. It is unlimited within 50 percent.

Mr. REED. I just said that.

Mr. BARKLEY. And if the President should debase it one half, it would result in the possibility of issuing twice as much money based on gold as is now in circulation.

Mr. REED. There could be issued twice as much money as is now authorized and in circulation, for our gold reserve would justify an outstanding currency today of about \$10,000,000,000, and if the gold dollar were debased to the extent of half, it would authorize \$20,000,000,000.

Mr. BARKLEY. Of course, the Senator—

Mr. REED. Let me finish, please. On top of that, last night there was offered an amendment to the so-called "Thomas amendment." The amendment to the amendment, which was offered by the Senator from Montana [Mr. WHEELER], with the statement that the President favored it, authorizes the unlimited coinage of silver at any ratio the President might fix, and so again we would have an uncontrolled instrument of inflation.

Mr. BARKLEY. Of course, I am not authorized to say anything about that or who favors it or who does not. I suppose the Senate will exercise its judgment in disposing of that amendment.

Mr. REED. I do not think the Senate will.

Mr. BARKLEY. It did the other day. It exercised its judgment in the matter of the silver amendment a few days ago.

Mr. REED. If the Senator will pardon me, I have the floor, please, and I should like to complete my answer.

Mr. BARKLEY. Very well.

Mr. REED. The Senator from Arkansas [Mr. ROBINSON], the Democratic leader, stated to the press the other day that the Wheeler amendment had the support of President Roosevelt. The Senator from Montana himself so stated last night when he introduced it, and seemed to be surprised that we would not let it be adopted right then and there at half past 5 last night; but it had to have a little debate, and so it was not adopted, and that is the pending question. Now, have I answered the Senator's questions?

Mr. BARKLEY. Well, no.

Mr. REED. The Senator asked me a good many questions. I have answered all I remember.

Mr. BARKLEY. I do not want to take the Senator's time, but I do want to observe that if it be true that, based upon our present gold standard and the weight and fineness of the gold dollar, there is a possibility of issuing \$10,000,000,000 of circulating money and only about \$5,000,000,000 has been issued—

Mr. REED. Slightly over \$6,000,000,000 in currency is outstanding.

Mr. BARKLEY. That is not all based absolutely upon the reserve of gold.

Mr. REED. No; some of it is of a different variety.

Mr. BARKLEY. Yes, some of it is of a different variety; but if even only \$6,000,000,000 had been issued where there is a possibility of \$10,000,000,000, the Senator does not think it fair to assume when we authorize the issuance of 20 billions that the whole 20 billions would be issued upon a debased gold dollar?

Mr. REED. The moment we begin to debase, the moment we begin to inflate, we are setting in motion a force which we are not able to control.

Mr. BARKLEY. The Senator is assuming that all the other alternatives fail and that the President will carry out the authority given him in the pending bill.

Mr. REED. I think it is a necessary assumption.

Mr. BARKLEY. Not necessarily so.

Mr. REED. I think it is. I do not believe anybody on earth could resist the pressure for inflation that will be exerted against the White House if we pass this bill.

Let me give a few authorities that I think will be admitted to be authorities on the possibility of controlling inflation. One of the most lucid statements of the case that I have ever seen is contained in a little volume put out by the Institute of Economics back in 1923 in a study of Germany's capacity to pay. This is the way they refer to the German inflation that was then beginning. Mind you, in the middle of 1923 German inflation had not begun to go to the absurd lengths that it reached in September 1924, but this language was quite prophetic:

The history of paper-currency inflation, as, for example, in the American Colonies in our Revolutionary days, in France following the Revolution of 1790, in the American Confederacy, and since the Great War in Russia, Austria, Hungary, and elsewhere, shows that once under way it is practically impossible to check the devastating process. The primary reason is that as prices advance wages and salaries must be raised and costs of every kind increased. Hence, the more prices rise the greater the volume of currency that is required. Indeed, it is a striking phenomenon that the more rapid the currency inflation the greater appears to be the "shortage" of currency—this for the reason that each new advance in prices, wages, etc., calls for a new increase in the supply of money required for the conduct of business. German employers, including the Government, must of necessity advance wages each month in proportion to the rise in prices as shown by an index number—the alternative being political, if not social, revolution. Thus whatever may be the initial causes of price advances, successive increases in wages, salaries, and raw materials' prices soon become intricately interrelated, giving rise to what is commonly known as the "vicious spiral" of rising prices, rising wages, rising costs, rising prices, and so on.

I spare the Senate the whole of it, but read finally:

The complete story of the inflationary movement in Germany may be briefly summarized. At first the flow of manufactured money to the channels of production gave a decided stimulus to output—vitalizing the industrial organism like new blood circulating through the body. Later, however, a state of fever inevitably developed, which, while it did not for a time fully offset the tonic effects of the steady flow of new money through industrial channels, gradually began to undermine the whole system, morally as well as physically. As time proceeded, the blood itself grew thinner and thinner, and the consuming fires of the fever burned steadily brighter. If one may personify the German State, one may say that that individual is now suffering simultaneously from pernicious anemia and delirium tremens. Production has recently declined, unemployment is increasing, and fundamental economic and social disintegration is in progress.

This, mind you, was written in the beginning of the inflation in 1923. I repeat the last sentence. Just when Germany ought to have been getting the benefit of this situation, this is what took place:

Production has recently declined, unemployment is increasing, and fundamental economic and social disintegration is in progress.

I turn to another authority, the present Speaker of the House of Representatives [Mr. RAINEY]. He a week or two ago was cheerful enough about the passage of this bill, but here is what he said about inflation in May 1932. He was speaking of the Patman bill which proposed to issue printing-press money, just as section 2 of the Thomas amendment proposes, secured by a Government promise to pay and nothing else. This is what Mr. RAINEY then said about that proposal:

Some of these pending bills provide for a bond issue, the bonds to be held by the Federal Reserve bank and Treasury notes to be issued against the bonds.



That is just what the pending amendment does.

It does not appear to me that this makes any substantial difference in the proposition. Fiat money is money which is issued on the credit of the Government for its payment and the mere promise by the Government to pay Treasury notes based upon the promise of the Government to pay bonds does not appear to me to relieve the situation in the least. It is still fiat money.

In the recent past we have seen European governments resort to fiat money until it took in Germany millions of marks to buy a small loaf of bread, and finally the German issue of fiat money based on the promise of the German Government to pay was stabilized on the basis of 1,000,000,000,000 of marks, based on the promise of the Government to pay, for 1 gold mark. A government once embarked upon the practice of issuing fiat money finds it difficult always to stop. The experience of Germany and other nations ought not to be repeated in this, the greatest and richest nation in the world. There may be some excuse for impoverished European nations, emerging from the World War, to depreciate their currency with such disastrous result to them, but with their example staring us in the face it is incomprehensible to me that this proposition can be seriously considered in this country.

O Mr. President, can you not induce Speaker RAINEY to go down to the White House and say that to Mr. Roosevelt this afternoon? Can you not induce him to say that again to the country as he made it so clear in this report that he filed last May on the Patman bill? If it was true then, it is still true. If it was unthinkable in May 1932, it ought to be unthinkable in April 1933.

Mr. HASTINGS. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Pennsylvania yield to the Senator from Delaware?

Mr. REED. I am glad to yield.

Mr. HASTINGS. I desire to invite the Senator's attention to the fact that I think it was this same authority that announced a few days ago, with respect to the distinguished Senator's opposition to this bill, that the Senator and his party were 25 or 30 years behind the times.

Mr. REED. It depends on whose ox is gored. But it is not very far from here to the White House, and if Mr. RAINEY would just go down there for a few moments and say to the President what he said to the world last May it would do such a lot of good and would stop this experiment which we are going to live to regret. He could render a very patriotic service.

But there may be those who do not consider Speaker RAINEY an authority or who think that his remarks in 1932 are nullified by his work of 1933. He has, of course, as much right to change his mind as President Roosevelt. President Roosevelt can go from sound money to every variety of unsound money in 6 months. Mr. RAINEY ought to be allowed to change his mind in 11 months. For those of us who do not consider him a conclusive authority, perhaps we will have more respect for what the Encyclopædia Britannica says about it. They end their article on currency inflation in these words:

To sum up, currency inflation is perhaps the most fatal disease from which a nation can suffer. It destroys wealth and redistributes what is left in an arbitrary and inequitable fashion. It makes extravagance a virtue and thrift a vice. It will ruin one man and enrich his neighbor, and neither can lift a finger to stop it. It is born of government extravagance and fosters that extravagance as it grows. Profits and wages look princely but measured in real worth sink to penury.

Could anything sum it up better than that?

Mr. President, I have about concluded. The advocates of the amendment have done me the honor to attack me when they ought to be explaining the merits of their proposal, if it has any. A considerable part of the speech of the Senator from Oklahoma [Mr. THOMAS] yesterday was devoted to showing the country how I am only talking for the benefit of the millionaire and propertied class. Mr. President, the passage of this bill will not hurt them. The people who will suffer from this are the wage earners of America. We have several millions of them in my State, and I am here to represent them. In spite of the sneers of those who like to put everything on personal grounds and ascribe wrong motives to us here, I am trying, according to my poor lights, to represent those wage earners, because it is they who will be the first victims of the cruelty that is embodied in this proposal.

Mr. William Green, in his statement of Saturday, showed that he fully understands that. He said that the effect of this proposal will be an invisible reduction of wages. That is what I have been claiming in all the discussions of the question.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. REED. In just a moment. Perhaps I am here representing only millionaires, but it is a certainty that Mr. William Green is not representing millionaires in his presidency of the American Federation of Labor. When he said that that is the first effect of the bill and consequently he is going to try to get wages raised, he is stating a sound conclusion which is proved by the experience of every other country that has gone in for inflation. It is an invisible cut in wages.

I now yield to the Senator from Montana.

Mr. WHEELER. Does the Senator contend that the depreciation of the pound sterling was in effect a cutting of wages?

Mr. REED. It undoubtedly was.

Mr. WHEELER. Let me say to the Senator that every economist in Great Britain with whom I have talked at the present time will disagree with the statement made by the Senator from Pennsylvania. The claim was that before they did it, as a matter of fact, it would have that effect, but commodity prices have not risen, and consequently it has not amounted in any degree to a reduction in wage.

Mr. REED. That was answered most aptly by Mr. André Siegfried in a despatch he sent from London a short while ago. I thought I had it at hand, but I cannot lay my finger on it. Prices in Great Britain have stood still since September 1931. They have run along quite even. World prices of commodities, as expressed in gold, have steadily declined. The result is that instead of getting the benefit of the diminished gold price of commodities the British workman has had to continue to pay the same. He pays more in his money at face value for his cotton and his meats and his sugar and all the rest of his necessities than does the workman in America.

Mr. WHEELER. There is not any question about that. The Senator is exactly right; but the effect in Great Britain has been that more people have been employed than in these other countries, by reason of the fact that the foreign commerce of Great Britain has not gone down in the same ratio that the foreign trade has gone down in the United States; and while millions of people have been laid off in America during that period of time that has not been the case in Great Britain. Only 2 or 3 days ago a number of Senators had a conference with one of the representatives of the Bank of England right here in this building, and he made that statement, and innumerable other British writers have made exactly the same statement—that British commerce has not gone down in proportion to world commerce by reason of their depreciated currency, and people have not been thrown out of work during that period of time, because, as the Senator said a moment ago, prices went down for a brief period of time, and then they remained upon a level, just exactly as they did in Sweden.

Mr. REED. Yes.

Mr. WHEELER. The result in the United States has been that while the dollar has purchased more for the worker who had his wages maintained, yet we all know that not only have wages here been cut but we have 13,000,000 people walking the streets looking for work, and we have had to put them on a dole. Notwithstanding Mr. Green or anybody else, wages always go up in this country and every other country according to the demand there is for laboring people. The Senator knows perfectly well that if we started people to work in this country and we could employ in our factories and so forth these 13,000,000 men who are walking the streets, whether the price of commodities went up or not, wages would go up.

Mr. REED. All right. Now let me answer some of that, if I can remember it all.

There is no doubt that going off the gold standard in Great Britain gave a fillip temporarily to their industry. It made it



very much easier for them to export their products to America, for example, or to France, or to any country on the gold standard, because they could buy just so many more pounds with the currency with which they were paid for their goods. It made it easier for them to get in under our tariff wherever a tariff was fixed on an ad valorem rate; and both of those things have caused serious concern in the United States.

The Japanese, for example, who have debased their currency to 40 percent of its face value, are taking away trade from us in such things as electric-light bulbs. They can import electric-light bulbs from Japan, pay the duty on them, and sell them for less than the mill cost of manufacture in the United States; and the only reason they can is that they are paying their work people in yen which are 60 percent depreciated, worth only 40 percent of what they used to be worth. There has been no nominal wage reduction, but there has been an actual wage reduction of 60 percent.

That happened in Great Britain. Suppose we made that our motive for inflation. Suppose, in order to get back our export trade, we debased the currency, or resorted to inflation. That is not the motive that was stated by the Senator from Oklahoma, but it might be a motive for doing it. We should instantly force Great Britain to inflate further, to lower the value of her currency so as to maintain the present ratio of advantage, and then we should be in a competition with her and with these other countries in debasing our own currency.

Mr. WHEELER rose.

Mr. REED. Pardon me; I am still trying to answer the Senator's question.

Great Britain has a vast fund which is called the exchange-stabilization fund, and she has used that fund very largely to sell pounds and buy dollars in order to hold her own currency down as compared to the dollar. If we resort to inflation under this measure, it will simply force her to use that fund to drive it down further in relation to the dollar. Then we shall be engaged in a profitless rivalry with Great Britain, we selling dollars and she selling pounds, and the result will impoverish both of us. The sound thing to do is what Mr. Roosevelt appears to be trying to accomplish this week—come to some kind of practical agreement with the European nations to end this senseless "bearing" of their own currency, to stabilize the exchanges, and get to some reasonably fixed, stable measure of foreign exchange. That will be greatly beneficial to America, and, in my judgment, Mr. Roosevelt is doing the wise thing in striving for such an agreement; but I do not like to see that wisdom marred by this very reckless amendment—reckless if used. I do not like to see such power given to the President, and I do not like to start the clamor against him, which in my judgment will drive him to resort to all of the expedients that are in this bill.

Mr. WHEELER. Mr. President, I did not have the privilege of hearing the distinguished Senator's opening statement; but did he make a statement with reference to whether or not he felt that the Congress had the constitutional power to delegate to the President not only the power to cut the gold content of the dollar from \$1 down to 50 cents but the power to delegate to him the authority to enter into agreements, or what would in effect be treaties, with these various other countries stabilizing the pound sterling and the dollar?

Mr. REED. I did express the view, although I did not amplify it, that we cannot delegate the power to regulate the coinage that is given us by the Constitution. I do not think we can delegate it; but I realize that constitutional limitations are not a very successful subject of debate here in the Senate, and so I did not amplify that. On the other proposal, that we ratify in effect a treaty which the President in his discretion may hereafter make, I am very clear that we cannot do it. We could advise and consent in advance to the making of a specific, exactly expressed bargain. That is to say, "We will ratify it now, Mr. President, in advance, if you can make a contract in the following words." That, I

believe, would be valid; but to ratify in advance a bargain which is not stated with certainty I think is beyond our power. It is an abdication of our function, and I do not believe it would be held to be valid.

Mr. President, I thank the Senate for the courtesy with which it has listened to my remarks.

#### EXHIBIT A

[From the Baltimore Sun of Apr. 25, 1933]

#### INFLATION

"It happened that a dog had got a piece of meat and was carrying it home in his mouth to eat it in peace. Now, on his way home he had to cross a plank lying across a running brook. As he crossed, he looked down and saw his own shadow reflected in the water beneath. Thinking it was another dog with another piece of meat, he made up his mind to have that also. So he made a snap at the shadow in the water, but as he opened his mouth the piece of meat fell out, dropped into the water, and was never seen more."

We commend the ancient fable to the gentlemen in authority in Washington. When President Roosevelt enforced his stern banking policy in his very first hour in office, the American people got a piece of meat into their mouth. For the first time in many months they had a new faith and a new confidence in the money they had put into banks. Part of the money was gone, for some of the banks had been closed, and it was clear that all of their depositors would not be paid in full. Another part of the money was in doubt, for it was in banks that were placed under restrictions. But most of the money of the people was in banks that stood ready to meet all depositors' demands for payment. And, for the first time in more than 2 years, the haunting fear that weak banks would pull down strong banks and destroy everything began to disappear from the popular mind. Mr. Roosevelt's stern separation of sheep and goats had done that.

There was great promise in it. True enough, large sums of the people's money were frozen in banks that had been permanently closed or permitted to open only under rigorous restrictions. True enough, that meant another measure of deflation—bitter distress and serious curtailment of potential purchasing power. But it was also true that the far larger part of the people's money in the banks had been given new security, new reliability, and that therefore it was possible to make plans to use it, to trade with it, to act with confidence and assurance that nobody had possessed in many, many months. It was quite possible that, taking the Nation as a whole, the new strength and the new vitality given the money in safe banks would more than make up for the disappearance from trade of the money in the weak banks. As a matter of fact, there was some concrete evidence that this possibility was beginning to be a reality.

The people had a piece of meat in their mouth. Is there anyone who will undertake to say, since the tinkering with money started in Washington last week, that the people still have that piece of meat in their mouth? Put aside the overadvertised gold embargo. In itself, and separate from internal inflation, it probably would not help us or hurt us in any material degree. For we still have our mountain of gold, and the world knows it; and we still have our favorable balance of trade, and the world knows it; and we still have our general creditor position, and the world knows it. But with creation of machinery for wholesale inflation—for inflation in ever-increasing tempo, for still more inflation whenever the measure of inflation that is tried fails to produce its miracles—can anyone say the sense of security, the faith, that is necessary to resumption of normal business is not again weakened?

Mr. Roosevelt and an apparent majority in Congress are not only setting up machinery for wholesale inflation which would cheapen every dollar owned in this country. They also are setting up this machinery in a manner that leaves every man who owns a dollar in a maze as to how much that dollar will be cheapened. Can anyone do a healthy, a permanent business on that basis? A man does business, whether on his own capital or on borrowed capital, by planting dollars today in an enterprise and selling his product for other dollars maybe 3 months hence, maybe 6 months hence. How much healthy, permanent business will be done if a man must plant his own or borrowed dollars today in the full knowledge that under the legislation pending in Congress Mr. Roosevelt, by a scratch of his pen, can cut in half the value of the dollars that man will collect 3 months hence or 6 months hence?

It is no answer to say that the value of the dollar, measured in purchasing power, varies under the normal system. It is true that since 1929 the man with available dollars has had an advantage because their purchasing power was steadily, and at times rapidly, increasing—just as it is true that there was a 30-year period when the man with available dollars, who put them in long-time bonds or the like, was at a disadvantage because the purchasing power of the dollar was, on the whole, declining. But to call upon a business man to adjust himself to general tendencies of trade and to call upon him to adjust himself to Mr. Roosevelt's arbitrary decision on, say, July 29 as to what the value of the dollar shall be—that is as different as accommodating oneself to the ordinary variations of weather and accommodating oneself to hurricanes and blizzards.

Nor does the old argument for a managed currency, as against a currency based on gold, have any bearing on this issue that is



being fought out in Washington. An impressive case has been made by very able men for a managed currency. It might work better than a currency based on gold, if we could be sure that the managers were very, very, very wise and very, very, very honest, and would always be flawlessly wise and flawlessly honest. But the ideal sought in a managed currency is the very antithesis of what is provided in the pending inflation legislation. The ideal of a managed currency is a monetary unit that will have a stable value in relation to commodities. There would be a system of control over money, operated in accordance with clearly defined policies and rules. The legislation pending in Washington aims to give the President power to establish any relation he desires between the dollar and commodities.

His judgment determines—the judgment of a single human being. And it could be not only his judgment; it could be his whim or his caprice. He could decide how much the dollar should be cheapened just as easily and just as conclusively on a day when he was nervous and had a sick headache as he could on a day when the action of his liver was perfect and all his faculties were in exact equipoise. He could decide just as easily and just as conclusively on a day when his desk was surrounded by a mob of clamorous demagogues as he could on a day when he sat in his library to receive the advice of the wisest statesmen and practical business men. In either case he could decide to force \$3,000,000,000 into the credit system through the Federal Reserve; or he could issue six billion of notes direct, cut the content of the gold dollar in half, and (if the latest proposal is adopted) coin silver as he pleased.

And for what purpose is this incredible power to be placed in the hands of the President; for what purpose is this giant wave of doubt about the value of money to be sent lapping against the foundations of commerce and eating into them? Why, to pursue a theory so damaged by the events of the last 3 years that the wayfaring man, though a fool, should cry, Beware! The rabid inflationists in Washington are playing with the quantity theory of money. Roughly, that theory is that money is a commodity, and the more you have of it, in relation to other commodities, the cheaper it becomes in relation to other commodities; and, hence, the higher become the prices of other commodities. And vice versa. It is a theory that, we believe, is held by many economists. And it is a theory that, under certain conditions, has been found to have some validity. But, plainly, glaringly, it is not infallible.

For 2 years Mr. Hoover made credit more and more plentiful. Open-market operations were carried on by the Federal Reserve Board to place abundant credit—the money of commerce—in the banks. The Federal deficits in his term, running upward to \$5,000,000,000, were met by issuance of the Government's securities, and these securities were made by emergency legislation the basis for the issue of a like amount of currency. We had the hughest mass of gold in the world and most of the time were adding to it, and this mass was the basis of an enormous structure of credit and currency. As a result of it all, the Federal Reserve banks and the large commercial banks were bulging with money and credit. According to the quantity theory, the price of the dollar should have sunk and sunk, and the price of other commodities should have gone up and up. The actual experience was the reverse.

Throughout the latter part of Mr. Hoover's term, throughout the period of his provision of more credit and yet more credit, prices of commodities went down and down. What happened was that the theory ran into a few imponderables. It was not enough that money and reserves for credit should be plentiful in relation to other commodities. There had to be the will to use it in exchange for other commodities. And the will was lacking. Men who were in control of money, the bankers, lacked the will to use it in loans to others. They were terrified in a trade-strangled world. And very many of the more conservative business men were afraid to borrow money from the bankers to use in commerce, for they too were paralyzed in a trade-strangled world. The result was that the great mass of credit provided by Mr. Hoover was static and sterile. It rotted on its side of the fence, while other commodities rotted on theirs.

Fear caused that, but the lesson of fear seems unlearned in Washington. The quantity theory of money, which might have operated normally in a business society in which men were thinking and feeling normally was knocked into smithereens when it reached a business society that was crouching and cowering in terror. Yet, in Washington gentlemen in the White House and gentlemen on the Hill think that if they but pour and dump and press and force more and ever more credit and currency into the commercial organism of the Nation, the Hoover dream of a chicken in every pot and a pot on every table will be realized. Not a thought do they give to the all-important factor of fear which set at naught all Mr. Hoover's manipulations of credit reserves, although their own manipulations, actual and potential, present and future, are a hundredfold greater, and are in themselves a cause of dread.

And if a doubt should obtrude, the statesmen turn to the gamblers in the money and security and commodity markets and glory in the passing results of the gamblers' ups and downs. It does not occur to them that the prosperity of this Nation is not determined by men in Paris who speculate in the dollar or men in New York who speculate in common stocks or men in Chicago who speculate in commodities. They find it hard to realize that prosperity turns upon the sum of the trading, for use, that is done by average men who operate factories and stores and farms. In Washington, with tickers bringing exciting news from the specu-

lative pits in New York and Chicago, since drastic inflation came to the fore, the statesmen find it hard to ask whether the small-town banker is lending the small-town manufacturer money to start up or is again cowering holding on to his money.

It is a monstrously reckless performance that is going on in Washington. There is no need and no excuse for any such colossal gamble, as a substitute for the policy of building from the bottom which Mr. Roosevelt started upon 7 weeks ago. If more credit and currency are required in trade, they can be had without setting up any such ungoverned and arbitrary presidential control of money as is provided in the Thomas amendment—a system that will leave every man with a million dollars and every man with a single dollar wondering what he is really worth. There is abundance of potential credit at present. There will be billions more as a result of Mr. Roosevelt's intended issuance of Government bonds for relief and public works, all of which may be the basis for additional currency. No Thomas amendment is necessary to give us what is called "controlled inflation."

And let not Mr. Roosevelt and his present advisers forget this one fateful fact: There are two kinds of price rises. One kind comes after building from the bottom. It is the healthy rise in prices that results when men take courage and attempt business and begin to demand goods for themselves and their families. The other kind of rise in prices, the feverish kind, comes when men so lose faith in the money in their pockets and in their banks that they exchange it for any consumable commodity. If that sort of rise in prices should rule in this country, Mr. Roosevelt will regret the day on which he entered the White House. And it is in his power to go on guard. He can reconsider the Thomas amendment, to which he has given approval. Failing that, he can give a statement to the country on his policy so clear, so explicit, that no room for fear will be left.

One or the other he had better do, and do quickly.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development, in which it requested the concurrence of the Senate.

#### RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. BARBOUR. Mr. President, I recognize in this amendment the purpose, in which we all unite, to fight the forces which have been visiting our country with unhappiness, distress, and despair. I share the intense desire we all have to do what we can to restore the welfare, well-being, and happiness of all our people. I am anxious to support the administration in every measure it favors for our country's good, and I add that I am sure that the administration intends no other sort of measure.

Accordingly, it is with the deepest regret that I am obliged to oppose this amendment as it stands; believing, as I sincerely do, that it contains features which I feel defy experience and threaten to do our country irreparable harm.

I endorse in most respects the statements about this amendment which have already been made by Republicans in the Senate and House, so I shall not attempt to go over the ground that they have covered. In further preface to the remarks I shall make here, I wish to emphasize my desire to find a basis for supporting the fundamental purpose of this amendment, which is to overcome depression and deflation and to start in more active motion our industrial and business machinery, to the end that there shall be no more unemployment. Having said as much, I now address myself to the action taken by the administration which resulted in the proposal of this amendment and to the amendment itself.

I feel that our President acted with courage to protect our economic organization by taking the dollar off the basis of gold payments in the international money market. His action needs no defense from me nor from any other of us. With domestic gold payments suspended, it is logical that gold payments should be suspended externally in the conditions to which the world's financial markets have been reduced by the prior departure of most nations from the gold standard in respect to gold payments. The President's action was indicated by the stern necessities of the world's



situation and is intended, I believe, to bring about a definite preparation of the way for the world's return to stabilized currency on the gold standard. In this regard the President's action appeals to me as a convincing demonstration of the declaration in his inaugural address that it was America's purpose to be a good neighbor to all nations. It puts us in a position of opportunity to furnish constructive and cooperative leadership in the impending endeavor to restore equilibrium to an unbalanced world.

I do not believe that this amendment, which is the immediate sequel of the President's most commendable action, agrees with the purpose he has avowed. I cannot and do not believe that it is a measure of which he can avail himself, if it is enacted, to put the unemployed back on the job and keep them there. It may help to get them back on the job temporarily; but of one thing I am sure—they will not stay long employed.

"I want to fight deflation; but I do not want to fight it with explosives such as this amendment contains, and which I sincerely believe will, in the long run, have just the opposite effect to that intended and will, in fact, devastate our land.

Congress has no mandate from the American people to destroy our system of government or our institutions. We have no right to assume a mandate to be passed on to the administration to ruin that system of private ownership, subject to public regulation and control, upon which our Republic rests—the system which encourages private initiative, fosters competition in service, furnishes protection to individuals in the enjoyment of our essential liberties, and provides rewards for individual effort, energy, and thrift. Yet this amendment proposes to give to the President power to destroy our fundamental economic and political organization.

While I have implicit faith in the President, the only assurance the people of this Nation have that the sweeping and devastating provisions of the amendment will not be put into force is that he will not choose to exercise some of the powers it will give him. Much as I trust the President, I distrust the amendment. I believe that if the American people were thoroughly conversant with the provisions of this legislation, and were thoroughly informed in the sad history of other nations which have followed the road down which it is now proposed that we turn, there would be a storm of protest against the enactment by the Congress of this measure.

Mr. John Maynard Keynes, who a dozen years ago made such a remarkable forecast of the economic consequences of the peace treaty in which the Great War technically came to an end, wrote an article in 1919 in the introduction to which he made some observations based on a statement attributed to the "embalmed god" which Soviet Russia has set up for itself. I quote:

Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency. By a continuing process of inflation governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. . . . As the inflation proceeds and the real value of the currency fluctuates wildly from month to month, all permanent relations between debtors and creditors which form the ultimate foundation of capitalism become so utterly disordered as to be almost meaningless. . . .

Lenin was certainly right. There is no more subtle, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

The amendment before us offers to the President the means to overturn the existing basis of our economic life by debauching the currency. It is unthinkable that Congress would itself exercise any such power. If then that is true, why should it vote to give such power to the administration, even on an assumption that such power would not be exercised?

As I have already indicated, I am in accord with the avowed purpose of this amendment, which is to protect our commerce and our money, and with the background of purpose in which the measure was generated, namely, to put our unemployed people back at work by providing a stimulus

to industry and trade. For this reason I approve of that part of the first section of the amendment which provides for the employment of Government credit through borrowing from the Federal Reserve banks—a provision which is in line with the program of the administration as it was defined before the emergency action taken a few days ago.

This measure has been popularly called "A bill for controlled inflation." If inflation is ever controllable, that kind of inflation and so much of it as is contemplated by the first part of the first section of the amendment relating to dealings between the Treasury and the Federal Reserve banks can probably be controlled. The reserve requirements imposed on the Federal Reserve banks and the very law of their being, together with the practical controls which the whole investment market will exert against an inordinate expansion of Government borrowing, must tend to make for a controlled inflation, under the first part of the first section of the amendment.

The rest of the amendment as it stands is a measure providing for an uncontrolled inflation if any resort should be made to the other features; an uncontrolled inflation, because these other provisions of the bill contemplate tampering with our money and with our paper currency, which has been heretofore and is still soundly based upon the gold standard. The other provisions of the amendment open the door wide to precisely that debauching of the currency which the arch apostle of communism is said to have declared to be the best way to destroy our American institutions.

The greenback section of this amendment proposes to place in the President's hands the authority to confess the bankruptcy of our Federal Government, if past history can be taken as a criterion. Heretofore governments have resorted to the issuance of fiat money only when they were in the last ditch of a desperate struggle to postpone such a condition. I do not believe that our Nation, which has maintained the standard of its currency through this whole economic and world-wide maelstrom, should now be turning to the printing press to find relief.

It is no justification for the greenback section of the amendment to point to the three hundred and odd million dollars of greenbacks now outstanding. Against the outstanding remainders of these greenbacks there is almost a 50-percent gold reserve. I do not see anywhere in the amendment any definite or even indefinite signs that the power to issue greenbacks which the amendment proposes to give to the President, up to a total of \$3,000,000,000, is to be qualified by any requirements to build up and maintain against the additional greenbacks which are to be issued any such proportionate gold backing as supports the greenbacks now outstanding. Perhaps this is what is meant by the reference to the act of Congress "approved February 25, 1862, and acts supplementary thereto and amendatory thereto." If so, I want the amendment to say so; and if the amendment says that as greenbacks are issued under the authority of this section there shall be simultaneously established and held against them as long as they are outstanding a gold reserve of 50 percent of the greenbacks issued, I shall be ready to change my attitude toward the greenback section of the amendment. In other words, I do not see how anyone could regard Treasury notes, which are to be retired at the rate of 4 percent per annum of the outstanding amount, and are backed by a 50-percent gold reserve, as a departure from the sound currency which the Democratic Party promised in its platform last summer to preserve at all hazards. I think that it would be in keeping with the explicit promise of a sound currency which the President made in his inaugural. If, however, the amendment is to provide for an issue of plain fiat money, I am against it.

In keeping with the currency-debauching provision of the greenback section of the amendment is the provision that the President may reduce up to 50 percent the gold content of our dollar. It makes no difference whether this power is exercised in gradual and piecemeal reductions or whether the total destruction of confidence in the integrity of the dollar is accomplished at one blow. The very proposal of such a measure is enough in itself to impair confidence in the dollar



and begin the process of a total destruction of all confidence. The obligations of the Government are payable in gold coin of the present standard of weight and fineness. Yet it is proposed in this measure that the Congress of the United States shall vest in the President the authority to wreck the foundations of governmental honesty. The very proposal is itself a breach of faith, as I see it.

Aside from the aspect of the proposal as an authorization to betray trust and confidence, the provision for devaluing the dollar in terms of its gold content is unsound economically. Reducing the number of grains of gold in the dollar might make a contribution to the inflation of prices for which there is so much clamor, although this is questionable. Without regard to any other considerations, such a change in the gold basis of the dollar will only invite further change downward, if and when the country falls into any other period of depression, however slight or temporary, after it has climbed out of the present depression. What shall we have then, a 25-cent dollar, a dime dollar, or a nickel dollar?

Incidentally, the country has just won a successful battle against the hoarders of gold, and the administration is to be commended for this victory. Could Congress possibly furnish a stronger incentive to risk all the penalties of hoarding; could Congress offer a proposal better calculated to drive gold into hiding than by this deliberately proposed measure of ill faith, which, by its very terms, will offer an extraordinary premium and temptation to mine-owning producers of gold and to the holders of gold everywhere?

As for the silver provisions of the amendment, they seem to me to be relatively harmless in that they do not open the gates to any actual submersion of our currency in a flood of silver. Certainly in comparison with the greenback and dollar-debasing provisions of the amendment, the silver provisions are unimportant. Nevertheless, I am opposed in principle to the silver provision. I regard it as in a minor way supplementing the other harmful features of the amendment. The silver section of the amendment, therefore, is like the greenback and the dollar-debasing sections, a measure to debauch our currency and result in everything this will bring about.

Furthermore, separately and together, the greenback, dollar-debasing, and silver sections of the amendment attack the first part of the first section of the bill. They assail the very credit of the Federal Government. They tend to make it impossible for the Treasury to function under the provision for borrowing from the Federal Reserve banks. They offer a menace of shrinking quotations for Government credit as it is measured in the market for the outstanding obligations of the Government. They foreshadow disaster.

I do not propose to rehearse the story of inflation. History is full of chapters of the tragic misery which it has inflicted on the people of various nations. America has thus far in the present emergency refused to put its feet on the slippery road of monetary inflation, which has always led to economic chaos and disruption. I do not really believe that our President will ever exercise any of these dangerous powers to perpetrate the type of inflation which the amendment intends to give him, but I do not propose to place him in such an unfair and dangerous position. I am unwilling to shirk my own personal responsibility in this respect.

The President is engaged in negotiations which have as their primary object the stabilization of all currencies. This is the first step which must be taken to restore world trade and improve world prices which will benefit our own domestic prices. With the problem of stabilizing currencies in the foreground of the discussions which the administration is conducting, Congress suddenly offers this amendment for unstabilization of the currency of the United States. Moreover, the President has not asked Congress for these particular powers. Anyway, no official message has come to the Senate from him that I know of endorsing monetary inflation.

The idea behind this amendment is that, through its facilities, the President will be able to make money cheaper

and everything else dearer. I will agree that a fundamental cause of the world's trouble is that an excessive value has been attached to gold and that gold which is the world's money has been too dear. Gold will continue to be the world's money, however, and we cannot make money cheaper by debasing currencies. The only result will be to make gold, the final basis for all money, dearer still in the long run, and prolong and intensify the world's distress.

If this amendment, as I said at the outset, is materially amended, I shall gladly vote for it, for I want to equip our President with all needed power and ability to fight deflation and to strengthen his hands in his declared purpose to work for the restoration of stable currency all over the world and for the removal of other obstacles to the revival and expansion of world trade. I want to help him prove that America is a good neighbor. I am sure that by his action in suspending international gold payments he opened the way to accomplish more than has yet been possible to end the Great War, which did not end with the Treaty of Versailles in 1919. That treaty ushered in an economic warfare which has been waged with an increasing deadliness to the present day. It is the purpose, I am confident, of our President—your President and my President—and of the distinguished representatives of other nations, who are gathering at Washington at his invitation, to bring that economic war to an end. This measure, however, will, I believe, inevitably offer a shock to confidence generally, if it is enacted, and consequences still worse will follow if resort to some of its powers should be forced upon the administration by the political pressure of public clamor.

To conclude, the amendment as it stands I honestly believe will not be of help to the President in his efforts to put our people back on the job or in his efforts to help restore equilibrium to an unbalanced world; and it offers, as I see it, definite possibilities for provoking added misery and distress at home and abroad, a continuation of economic warfare throughout the world, and a postponement of the return to prosperity we all are striving to bring about.

Mr. PATTERSON. Mr. President, I am opposed to the Thomas amendment in its entirety. I shall vote for the motion to strike out the paragraph relating to a devaluation of the gold dollar. I regard that paragraph as the most vicious in an exceedingly vicious amendment. I wish in plain, unvarnished language to present a few facts that I conceive to be pertinent.

Mr. President, early in March Congress passed an emergency act to relieve the banking situation, delegating to the President authority to control "exporting, hoarding, melting, or earmarking of gold or silver coin or bullion or currency by any person within the United States." Pursuant to this authority, on April 5, 1933, the President issued a proclamation requiring every person in the United States to turn over to the Treasury all gold bullion and gold currency over the value of \$100 under the penalty of a fine of not more than \$10,000 or not more than 10 years' imprisonment. The effect of the Presidential proclamation is to force every citizen to turn over to the Treasury property which he had a right to earn and which he had a right to own. It is thus endeavored to stamp as a criminal the citizen who undertakes to exercise proprietorship over his own property.

Now it is proposed to delegate to the President authority to reduce by 50 percent the gold content of the American dollar. In other words, after the citizen has been compelled, under pain of heavy penalties, to deliver his property to the Government, Congress is now asked to delegate to the President the authority to cut the value of that property in two. Such a course of conduct is not only reprehensible but dishonest. It would be dishonest in an individual; it would be dishonest in a corporation; and it would be doubly dishonest in the Government itself. No court in the land would permit an individual or a corporation to pursue any such course unless it could be shown that such individual or corporation was a bankrupt; and I am unwilling to admit that the Government of the United States is now in a state of bankruptcy. In morals such an act would amount to a theft of one half of all the money now owned in the United States,



if the full powers delegated were exercised by the President. It would repudiate every Government obligation by 50 percent. It would mean that the Government was at least partially bankrupt and was repudiating half its just obligations. Such a transaction would represent nothing less than a 50-percent financial bankruptcy and 100-percent moral bankruptcy.

If we commit this deed, let us quit prating about national honor. Let us cease our boast that our dollar is as sound as the Government itself, and is as untarnished as its honor. The citizen in every walk of life has always held an affectionate and reverent respect for the honesty and integrity of the Government of the United States in all its relations with its citizens. His commitments have been made upon the premise that the Government was the personification of honor. This has been accepted as a truism. It has been true throughout all the 144 years of our national existence. By traveling the pathway of national honor, the obligation of the Government of the United States has been accepted at its face value and often above its face value, and at lower rates of interest than the obligations of any institution or government in the world. No one until now ever questioned the integrity of any obligation of the Government of the United States. In this time of world-wide stress our country is the only great nation in all of the world with its credit unimpaired. Let us maintain this high standard. Let us battle to uphold the national credit and our national honor. Let us hand down to posterity a government of as sound integrity as we were fortunate enough to inherit from our fathers.

Every nation that has traveled the crooked highway of repudiation has met with disaster. Every nation that has embarked upon an unbridled course of inflation of its currency and debasement of its coin, has come to grief. Have we learned nothing from the lessons of history?

From a selfish standpoint, we cannot afford to commit this act. There is due the United States from foreign countries approximately \$11,000,000,000. If the amendment of the senior Senator from Oklahoma should be enacted into law and its provisions put into effect by Presidential proclamation, it would mean that our Government could be paid with 50-cent dollars, based upon present valuation, thereby canceling one half of the foreign debt due us. This would be in direct violation of the pledge in the Democratic platform against the cancellation of the foreign debt. Foreigners owe American investors approximately \$18,000,000,000, one half of which would be canceled if the full powers were exercised under this amendment.

There are 52,000,000 savings depositors in the United States, coming mainly from the great middle class of this country. Their savings approximate \$29,000,000,000, equal to more than \$1,000 for every family in the land. This would be cut in half, based upon present valuations. We have almost 122,000,000 life-insurance policies in this country, with a value at maturity of approximately \$109,000,000,000. It may be urged that these policies, for the most part, are held by those in comparatively easy circumstances, but there are 88,000,000 industrial policies belonging to the poorer classes, representing a value at maturity of \$18,274,000,000. These policies would suffer a 50-percent cancellation, based upon present standard of values, if the Thomas amendment should become law and the full powers under it should be exercised by the President.

The allowances of the veterans of all of our wars and their dependents at the end of the fiscal year will be slashed approximately \$400,000,000, leaving many of them in dire and desperate straits. Under the provisions of the Thomas amendment, fully exercised, they would be bludgeoned out of 50 percent of what remains. There are 48,000,000 persons gainfully employed in the United States today. The immediate effect of this legislation, if enacted, would be to reduce the value of their wages one half.

This depression has happily been free from labor disturbances. Labor is alive to the dangers of this proposed legislation. Since it has been suggested, we have heard the just claim of William Green, the president of the American Fed-

eration of Labor, that wages must be readjusted if this measure should become a law.

When we contemplate the struggle that many industries are now having to continue to operate, and take into consideration that there are thirteen or fourteen millions of men out of employment, we can readily visualize some of the perilous avenues that would be opened in our industrial life in the days just ahead of us if this legislation should be enacted into law. It opens the door to the age-old struggle between labor and capital, and opens it all the way down the line. It may mean strikes, lockouts, riots, and further suffering and want.

The enactment of the Thomas amendment into law will not relieve the present distressed conditions, but will only accentuate and aggravate them, and delay recovery. It will paralyze commerce, industry, and business. He would be an audacious man, to the point of foolhardiness, who would make a commitment in the face of the uncertainty of conditions that would necessarily follow, if the Thomas amendment should be enacted into law. It would mean a further tightening of credit, a slowing down of business, commerce, industry, and enterprise of every character.

Let no one be deceived, by the activity of the stock exchange, into believing that the suggestion of repudiation and the debasement of the coin and currency of the country is bringing a return of prosperity. It represents fear; fear of the American dollar, and the desire to dispose of it before it further depreciates; fear that the Government of the United States is on the eve of abandonment of its age-old policy of paying its just obligations and maintaining a sound currency "at all hazards." It is similar to the first movements following the inflationary policy in Germany a few years ago, the disastrous results of which we are all familiar. While it is contended that the proposed inflation will be a controlled one, the same claim has been made for all inflationary movements in their inception. Invariably, however, the inflation has gone beyond control, with disastrous results.

What is the need for this character of legislation fraught with such tremendous danger and which has worked disastrous havoc wherever and whenever tried? If the legitimate demands of the business of the country require more currency, we can now, without additional legislation, expand the currency approximately \$4,000,000,000, and every dollar would rest upon a sound foundation. From statements frequently made the uninformed would gain the impression that there is insufficient money in this country with which to transact our business. Just the opposite is true, for there is more money outstanding in the United States now than at any period in our history.

There is more money now outstanding in this country than during the World War period, when, due to war demands, business was at a feverish activity and prices and wages were breaking all records. There is more money in circulation in this country now than during the boom year of 1929. To be exact, on March 31 of this year, there was \$6,319,364,484 in money outstanding in the United States. This is \$1,429,241,000, or almost 30 percent, more money than was outstanding at the end of the boom year of 1929. There being more money outstanding now than it required to carry on our business during the Great War and during the boom year of 1929, does it not seem illogical to contend that there is not sufficient money now outstanding to meet our needs? There is ample money in the United States to take care of our every legitimate need, with existing machinery to increase the supply on our present sound basis should the occasion demand. What then is the difficulty?

The trouble is that, due to loss of confidence, much of the outstanding money has gone into hiding and has ceased to work. Idle money, like an idle individual, does not contribute to the welfare or prosperity of any community. What is needed today is the restoration of that confidence which will induce the return of the money now outstanding again to enter the channels of industry, and when that state of confidence shall have been reached, we will be on



the road to the recovery of national prosperity. The Thomas amendment, if adopted and put into effect, will not tend toward the recovery of financial confidence, but, on the contrary, will destroy what remains of that confidence. Under its provisions, a state of uncertainty previously unknown in this country would prevail. Under such conditions the investor would withhold his money from industrial activity; the banker would curtail his loans to the minimum; and the manufacturer would produce only sufficient to meet current needs.

Let us cease the continued round of untried, speculative and experimental legislation. Let us cease trifling with the national credit and the national honor. Let the word go forth that future legislation will be based on sound fundamentals, and that all who contribute to industry, whether it be in the field of finance or labor, will be protected in the legitimate fruits thereof. Let it be proclaimed that not only will the American Government respect its own contracts, but that, so far as it lies within its power, it will compel all its citizens to do likewise. Convince the American people that such will be the national policy, and money now already outstanding will again seek investment, industry will revive, labor will be well employed, and the farmer will find a profitable market for his products.

The viciousness of this proposed legislation was disclosed in the Senate on yesterday by the author of the amendment, the Senator from Oklahoma [Mr. THOMAS], when he frankly stated that the purpose was to transfer \$200,000,000,000 of wealth from the pockets of those who possess it today to the pockets of others, merely by legislative fiat. Those who have saved, those who have accumulated, and those who have been successful, are to be penalized for the benefit of those who have not saved, have not accumulated, and have not been successful. The proposal is an infamous one, and will not meet the approval of the American people, for they are fundamentally honest.

The press announce that the administration is urging speedy action on this proposal as submitted by the Senator from Oklahoma, and speedy action will be necessary if this amendment is to be adopted. Once let the American people understand the real purpose and effect of this proposal, and there will be such an aroused wrath and flood of indignant protests that not even the present administration, with its overwhelming majority in both Houses, will dare pass the amendment.

Mr. HARRISON obtained the floor.

Mr. FLETCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Russell
Ashurst	Couzens	King	Schall
Austin	Cutting	Logan	Sheppard
Bachman	Dickinson	Loung	Shipstead
Bailey	Dieterich	Long	Smith
Bankhead	Dill	McAdoo	Steiwer
Barbour	Duffy	McCarran	Stephens
Barkley	Erickson	McGill	Thomas, Okla.
Black	Fletcher	McKellar	Thomas, Utah
Bone	Frazier	McNary	Townsend
Borah	George	Murphy	Trammell
Bratton	Glass	Norbeck	Tydings
Brown	Goldsborough	Norris	Vandenberg
Bulkeley	Gore	Nye	Van Nuys
Bulow	Hale	Overton	Wagner
Byrd	Harrison	Patterson	Walcott
Byrnes	Hastings	Pittman	Walsh
Capper	Hatfield	Pope	Wheeler
Caraway	Hayden	Reed	White
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	
Copeland	Kendrick	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. HARRISON. Mr. President, I have withheld myself from this discussion because of my desire to see a conclusion reached at the earliest possible moment in the enactment of the farm-relief measure. I have entertained some misgivings with reference to some of its provisions, but I have resolved every doubt in behalf of agriculture and the farmers

of the country, so I am willing to give to the administration an opportunity to redeem its pledges and try to help in the deplorable situation throughout the country.

For more than 2 years, Mr. President, some of us have realized that sooner or later values must be made to increase, and commodity prices especially must be made to increase, if economic healthfulness is to be restored to the American people.

I am naturally a conservative. I prefer to follow precedents, and in this country no one suspects me of being a radical. I had hoped that the new administration just coming into power would be given an opportunity to evolve its plan of controlled inflation, that that plan might be agreed to after full consideration upon the part of the President and his advisers; and for that reason, in common with many Members of this body, I have opposed amendment after amendment touching silver and whatnot which tended toward inflation.

The committee of which I have the honor to be a member listened for many weeks to leaders of thought in this country—leaders in banking, agriculture, and business, and leading economists. Throughout their testimony ran the thought that commodity prices must be increased, and many of them expressed themselves in very strong language for inflation of some kind or other.

Mr. President, it is unfair for a man of high standing in the country, and of acknowledged leadership in this body, to make an attempt to deceive the American people. My good friend from Pennsylvania [Mr. REED] is a leader. He is as smart as they make them. No better or more adroit or crafty a lawyer has come to this body than the distinguished senior Senator from Pennsylvania. Men who control the great steel interests of this country, men who control the great insurance companies of the country, men who control great banking interests, of the class of Mr. Mellon, never would have taken him under their wing and made this distinguished barrister their lawyer if he had not proved his worth in the great legal fraternity. He measured up in a high degree in his profession or he never would have represented those interests. So no one could present the case more strongly in this body from a legal standpoint, and surround it with all the misgivings and doubts that my friend does always when he discusses a question, than the distinguished Senator from Pennsylvania, who now has set himself up as the leader in opposition to this proposal.

Of course, envious eyes will be cast at me because I have said that he is the leader of the opposition. That might not sit well with my friend from Delaware [Mr. HASTINGS] and my friend from Missouri [Mr. PATTERSON] and others over there who have either spoken in opposition to the proposal or are incubating speeches against it. But the country knows that the Senator from Pennsylvania is the leader of the opposition to this controlled inflation proposal.

I do not know whether he chose himself as the leader, or whether there was a meeting here in Washington of the group of men who had directed the fiscal policy of this Government for some years and made a miserable mess of it, and that his leadership was chosen by that group. I mention Mr. Mellon, who was given a vacation from the Secretaryship of the Treasury to go over to England for a while. Sometimes I wish he had stayed over there a few weeks longer, because he could have done less harm by staying over there a while longer than he is doing by coming back here and trying to incubate some conspiracy against this proposal. And, as a member of that group I mention Mr. Mills, who followed in Mr. Mellon's footsteps, and who ran the Treasury for a while, and made just as miserable a mess of it as Mellon did himself.

So those are the three—Mellon, Mills, and Reed—who are leading in this fight and one of whom is calling upon the country to appeal to Senators by telegram, letter, and telephone to stop the passage of this legislation.

It takes a good deal of nerve upon the part of this group who have directed the fiscal affairs of the Government for the last few years to come here now and attempt to lead in any movement and tell us what should be done. Do



you not think it would be in a little better taste if they would rest in the shadows of their failure for at least a few weeks, and give the new administration an opportunity to carry out its policies, in the hope that they might be better than the policies of the Mellon-Mills-Reed trio?

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Pennsylvania?

Mr. HARRISON. Yes; but the Senator is going to spoil a good speech. [Laughter.] I yield to the Senator.

Mr. REED. I think I am going to give the Senator another text on which he can make a better speech. He is talking about giving an opportunity to the administration to carry out and redeem its pledges. Does he mean to include the pledge to preserve a sound money at all hazards?

Mr. HARRISON. Yes. The Senator talks about the plank in the Democratic platform which favors the maintenance of sound money. There is nothing in this bill that is against sound money. The Democratic Party is for sound money.

Mr. REED. Will the Senator tell us any kind of unsound money that is not in this amendment?

Mr. HARRISON. The Senator from Pennsylvania has had his say. If he will just sit here and listen with the same degree of patience and the same measure of disapproval that I gave to his speech, he will know what my views are before I finish.

Mr. REED. Mr. President, if the Senator will indulge me for one moment more—

Mr. HARRISON. I was going to answer the Senator's question. Then the Senator can rise and ask another one.

Mr. REED. Will the Senator, at some time in the course of this eloquence of his, describe this bill? He is telling us about my bad points. I wish he would tell us some good points in the bill.

Mr. HARRISON. I am going to do that.

Mr. REED. I am not the question that is up for passage. It is the bill that the Senator is trying to pass.

Mr. HARRISON. But I have not any idea in the world that the Senator is going to take my advice, because he has taken it from Mellon and Mills. [Laughter.]

The Senator talks about sound money and the platform of the Democratic Party. I expect to show that there is nothing in this bill against sound money and against the platform of the Democratic Party. The Senator started out the other day, in the first speech he made, by referring to what he terms the "greenback provision." He is making speeches daily now in order to arouse the people of the country, so that he can help the telegraph companies to send more messages to Senators protesting against this proposal. I wonder if he has had as little influence upon everyone else as he had upon me? I have received but one message against this proposal—just one. Seemingly, the Senator's appeal fell upon deaf ears. He was mighty nearly as unsuccessful in that as were his appeals in the last election in getting votes. But he started out against what he called "the greenback provision" of the bill, the Treasury-note provision. He said nothing about the proposition of cutting down the gold content of the dollar; but now he levels his guns against the reduction of the gold content of the dollar and appeals for sound money.

The former President, in his speech at Des Moines, spoke very eloquently about how he had fought in the great battle against going off the gold standard. The Senator made a speech here in which he approved the action of this administration in going off the gold standard. He offered no criticism in the world against going off the gold standard. Yet his party's platform said that we could never go off the gold standard. He has violated the pledge of his party to a greater extent than he accuses us of violating the pledge of our party with reference to sound money. There is no justification for criticism of either.

Here is what the Senator said in that speech:

I offer no criticism of the embargo on gold shipments. It seems to me that it was wise, prudent, and proper action to take at the time.

I offer no criticism of the suspension of specie payments within the United States, as was done on the 4th of March; but my criticism does go, with all of the earnestness that is in me, to the proposals that were sent to us yesterday afternoon and were embodied in the Thomas amendment.

He approves going off the gold standard, and he approves the suspension of gold payments on the part of this administration. Yet his platform said that under no circumstances should we go off the gold standard. Is there anybody now who believes that we are on the gold standard? Not even the Senator believes it, because he knows we are off the gold standard.

Mr. President, the leadership of one party is just as much for sound money as the leadership of the other party. The Senator knows that the man who sits at the helm of this Government today would do nothing that would destroy the property of the people and take from one man unjustly what should not be taken from him. The Senator has confidence in the President. In the speech that he made this morning he paid one of the greatest tributes to the President of the United States that I have heard fall from the lips of man. After the Senator from Pennsylvania had talked for an hour and a half criticizing the proposals of this bill and speaking of John Law's episode and the experience of Austria and of various other countries with their unmanaged, uncontrolled inflation, the Senator from Nebraska [Mr. Norris] said, "Will not the Senator now give to us his proposal?" The Senator from Pennsylvania responded: "That is perfectly fair. That is a correct question to put." And then he answered it in this way, as the Record will show: That prices went away up after Roosevelt was inaugurated President of the United States, and for the reason that the people of the country have confidence in him. There had come a change in the leadership of this Government. One man had been driven out, and the inference was clear.

No one could read the remarks of the Senator without believing that the American people had no confidence in Mr. Hoover and Mr. Mills and in any of the crowd that had dominated this Government, but that because of the confidence of the American people in Mr. Roosevelt everything had gone up and all was "hunky dory". So all the Senator from Pennsylvania would do in these circumstances would be to elect Mr. Roosevelt, and keep him in control of the Government, and do nothing else, and there would be restored economic confidence in the country.

We know that we have to go farther than that, and we have accordingly offered this plan.

Mr. President, I stated that it takes a good deal of nerve upon the part of these distinguished gentlemen, after they had experimented, after they had tried for these more than 3 years, and after the American people have put another group in control of the Government, for them now to offer obstructive tactics and criticism of the pending measure. At least, if they cannot cooperate, they ought to stand aside for a little while and give us a chance.

They tried their little sugar-coated measures in trying to inflate slightly. It is inconceivable to me that men who have been honored in such high places as has Mr. Hoover, Mr. Mellon, and Mr. Reed would deliberately deflate values in this country, deliberately drive people into bankruptcy, deliberately deprive people of their all, deliberately cause such a shrinkage of values and securities as to close the banks of this country, and deliberately drive 13,000,000 people into unemployment. I cannot believe they did it deliberately. But their policies had that effect, and in one of the speeches of Mr. Hoover, he talked about how he battled against the deflation, and how he attempted to increase prices of farm products, and to restore confidence to the American people.

It was with the idea of trying to inflate that finally, after 2 years of procrastination, they offered us the Reconstruction Finance Corporation bill. That was going to be a measure of inflation, which would help in a way, they said. It was with that idea in view that their President offered his proposal to increase the capitalization of Federal land banks. It was with that idea in view that he suggested and the Con-



gress gave to him the power of broadening the eligible paper in the Federal Reserve System of the country. They tried to inflate in a way, but they did not have the courage to act as they should have acted.

Mr. President, we have two possible roads to follow. One is the road which leads to a contest with the nations of the world in depreciated currencies. The other is the road which might lead to a stabilization of currencies among the nations of the world.

This gentleman in the White House surprised me. There is not a Senator here whom he has not surprised. He surprised the country, for he has shown such bigness and courage and such vision of statesmanship that, even though one might have had a high estimate of him, it was not known that he possessed such capabilities. No man in the history of this great Government has acted more promptly or more courageously or in a higher order of statesmanship than has the gentleman now in the White House.

Mr. President, I look into the face of the Senator from Missouri [Mr. PATTERSON], who says there is plenty of money in the country. Let him make that speech to Missourians. I wonder how many out there believe that everything is all "hunky dory" in Missouri. [Laughter.]

I look into the face of my friend the Senator from Connecticut [Mr. WALCOTT], who signed the round robin with the distinguished Senator from Pennsylvania, and they together even brought "BERT" SNELL, the leader in the other House, into that appeal. Is it possible that they could not get other Senators over there to sign the round robin? Was my friend from Connecticut the only one who was falling for their wiles? [Laughter.]

These four—the leader of the Republicans in the House, the Senator from Connecticut [Mr. WALCOTT], and the Senator from Pennsylvania [Mr. REED], together with Mr. LUCE—got out this round robin to the country criticizing the proposal now before us, and holding it up to public scorn. I do not know why the Senator from Delaware [Mr. HASTINGS] did not sign it. He is now getting ready to make a speech. It may be that he had not made up his mind at that particular time.

Mr. President, why did they not get Mr. Mellon? He had returned. They had conferred with him. Ah, but the Senator from Pennsylvania started to shake his head, but he knew he could not do it. He conferred with him a little bit.

Mr. REED. If it is of any interest to the Senator, I have not conferred with him. I have not seen him.

Mr. HARRISON. The Senator has not conferred with him? The Senator does not say no message came to him from Mr. Mellon. They have a triangular arrangement. Mr. Mellon conferred with Mr. Mills, and Mr. Mills then conferred with the Senator from Pennsylvania.

Mr. REED. If it is of further interest to the Senator, Mr. Mills was not in the East at all until Friday morning.

Mr. HARRISON. He came here just as rapidly as he could come. Even from the far West he came. I do not know whether he used an airplane or whatnot, but when the Senator sounded the tocsin call, he came forthwith, and he has been in conference with him ever since. That is the group we are running up against, and this man in the White House, elected by a tremendous vote of the people, because they had confidence in him, and because they wanted a change in affairs of this Government, takes hold.

The Senator heretofore has given him fine cooperation and Congress has given him fine cooperation. This gentleman took up where the other gentleman who left there was afraid to move. Who ever dreamed that this administration, under the leadership of Mr. Roosevelt, could drive through the Congress an economy bill which would save \$800,000,000 to the taxpayers of this country? Mr. Mellon, Mr. Mills, Mr. Hoover, and Mr. Reed messed around trying to balance the Budget for 3 years. Mr. Mills made so many mistakes when he came before the committees with his estimates that it was really a comedy of errors. He changed from week to week, and after we had balanced the Budget he then said it was not balanced, even though we had just balanced it upon his own figures.

The Budget is now practically balanced. Just as soon as we enact the tax bill which passed the House the other day and as soon as the reorganization plans go through we will have balanced the Budget. Many of the leading thinkers of the country when they appeared before the Committee on Finance said that what we had to do is to balance the Budget. If they are right in their view of that, we will soon have attained that end. Others said we had to have some measure of controlled inflation, and others wanted an uncontrolled, unmanaged inflation.

The Senator from Pennsylvania spoke of Austria. He spoke of John Law's episode and the other wild and fantastic inflationary schemes which wrecked certain countries. I would not lift my voice if in my opinion the pending proposal were not a proposal for controlled inflation. I would not vote to give to the Treasury or the President, without limitation or restriction, the power to issue Treasury notes. I do not believe Congress would do anything like that. Yet that was what was done in the case of Austria. That is what was done in the case of Germany. That is what was done in the case of France and in the other countries which went wild over their inflationary schemes and wrecked their governments themselves. England did not do that. She had a managed inflation, and that is what is proposed in the pending amendment.

My friend talks about the greenbacks which are to be issued. I call them Treasury notes. Let us see about that. The Senator discussed this morning the law of 1862, and said that the pending measure was carrying out the same general scheme. In 1862 there was no such limitation placed upon the issuance of the Treasury notes as is contained in the pending proposal. There was no time limit set; there was no method prescribed for their redemption. They could go wild under that plan. In the issuance of the greenbacks in 1862 and in the days following the United States was doing exactly what was done in the case of Germany and Austria and France in their inflationary ideas—yes, and in Russia, which the Senator says got so devoid of gold that the men had to use steel for filling the cavities in their teeth.

The pending amendment first fixes a limit of \$3,000,000,000 of outstanding Treasury notes, and it provides that they shall be redeemed at the rate of 4 percent every year. More than that, we appropriate the money required for their redemption. In 25 years they will all have been redeemed. There was no such provision in the cases of inflation of which the Senator has spoken and which he has held up to ridicule in order to frighten the American people again.

My God! Do Senators not want confidence restored? What have they meant by claiming they wanted to bring back confidence to the people? Was all of that lip service? Why do they want to try to arouse the people again to fear and trembling every time the man in the White House attempts to do something to restore values and to give to the people some economic peace and happiness again? Are not the American people sick and tired of such tactics? Do such practices redound to the credit of those who employ them? The people desired action. They want results. Too long have they suffered and sacrificed from timidity, procrastination, and lack of courage.

Mr. President, the Senator knows that the cases of deflation to which he has referred are not parallel at all. He employs them because they are bugaboos and because the rank and file of the American people do not want an unmanaged, uncontrolled inflation in this country.

Mr. REED. Mr. President, will the Senator yield?

Mr. HARRISON. Am I right in stating that?

Mr. REED. No; the Senator is all wrong, and I want to set him straight. If the Senator will permit me to state it, in the case of the French inflation, engineered—

Mr. HARRISON. I do not yield for all that.

Mr. REED. The Senator is wrong in all that, and I merely wanted to put him straight.

Mr. HARRISON. Was there a limit placed upon German inflation?

Mr. REED. There was.



Mr. HARRISON. What was it? Now I will give the Senator a chance.

Mr. REED. They kept constantly increasing it. I think I have the figures here. At the beginning it was very strictly controlled, in the same sense that is proposed in this pending measure. Then they increased the limit, and then it got out of hand, and they had to keep on increasing it. They all started this way, with a limitation, and they have always had to increase it.

Mr. HARRISON. Now the Senator says it started this way and it got the other way. Why is not the Senator fair enough with his colleagues and with the American people to say that this plan is not the same plan as was adopted in Germany and in France and in these other countries? Why does he want to try to deceive people by saying that they started this way, but that they changed and got the other way? The Senator admits that the German plan was changed from a controlled system to an unmanaged and wild scheme.

Mr. President, this pending measure provides for controlled inflation, and it provides only for the issuance of \$3,000,000,000. It provides for their redemption, at the rate of 4 percent every year and makes proper appropriation for that redemption.

Then, again, there is something else the Senator has not taken into consideration—something which the bill provides—that is, that the Treasury notes can be used to retire the Government bonds which have been issued, and when the Treasury notes are used to pay a Government bond, the Government bond is canceled. Consequently, we would not be increasing the national debt of the country, under the pending amendment. The Senator from Pennsylvania did not tell the Senate that. He wishes to make the country believe that the \$3,000,000,000 in Treasury notes are to be issued in addition to the \$3,000,000,000 that might be used in open-market transactions.

Mr. BARKLEY. Mr. President, will the Senator from Mississippi yield to me?

The PRESIDING OFFICER (Mr. VAN NUYS in the chair). Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. BARKLEY. In addition to what the Senator from Mississippi has stated, it would also reduce the actual expenses of the Government by retiring not only the bonds but likewise saving the interest thereon.

Mr. HARRISON. Yes; but the Senator from Pennsylvania is not going to tell the Senate that; that is a secret which is hidden in his and Andrew Mellon's breasts. He is not going to let the country in on that. Some of his colleagues on the other side of the aisle are going to be deceived by his wily speeches. Now, let me give them a piece of friendly advice. Do not adopt his counsel; do not follow his leadership. Many people have got into trouble before by following his leadership and that of his co-conspirators. [Laughter.] Senators on the other side will recall what happened last year to a great many of their party who followed the leadership of Andrew Mellon and Ogden Mills. They had better take an accounting and had better cooperate in this effort to consummate a new deal, because the American people know just as well as they know and just as well as I know that there are thousands on thousands of banks in the country that can never be placed on their former basis unless the securities in their coffers can rise in value. And when the price of commodities shall be increased there will be an enhancement in value of the securities held by the banks; they will be strengthened; and we will have given hope to the people. The man whose income is gone and who has been struggling for years with a heavy mortgage upon his land will be able, on the enactment of this proposed legislation, to indulge some hope that the value of the old dollar is going to be changed around a little bit and that his values will come back to a parity with the values formerly represented by the dollar. That is what 95 percent of the American people desire, and that is what we

have got to have. There is nothing radical about it. There is nothing unjust in it. It is a very proper and fair policy to follow.

Have we not seen European countries adopt policies designed to protect themselves? No voice has been lifted more often or more eloquently—and if he did not associate with such bad company, no voice would have been more persuasive—than that of the distinguished Senator from Pennsylvania when he has decried the policy of foreign countries with reference to debasing their currencies. I recall only a few months ago when he secured the adoption by the Senate of a resolution—though the vote adopting it was subsequently reconsidered—directing the Tariff Commission to consider a plan to counteract the effect of depreciated foreign currencies. I remember how he spoke of the Japanese sending in their goods and how the great interests of America needed higher protection against the low labor costs of foreign countries. The Senator from Pennsylvania was perfectly willing to increase the tariff still higher in order to protect a few manufacturers in this country; but he is now unwilling to give his cooperation and approval in putting through the plan which is before us with the stamp of the administration upon it and designed to restore some values to all of the American people.

The Senator from Pennsylvania helped to put through Congress the present tariff law, which is the highest in the history of the country. I will go down to my dying day believing that the enactment of that law was what started the confusion in world affairs, the battling for higher tariffs throughout the world, the deranging of exchanges, and the cause of foreign countries depreciating their currencies, thus bringing the great cataclysm from which we are now trying to escape. The Senator from Pennsylvania himself was one of the prime movers in that effort.

Mr. President, there are certain conditions that must exist before the President will be authorized to act under this proposed legislation. What are those conditions?

Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold—

Why should we not take care of ourselves? If we can stabilize exchanges, if we can adopt a policy that will open up markets abroad for the sale of our surplus goods, if we can stabilize exchanges between governments, why is the Senator from Pennsylvania not willing to adopt that kind of policy under the existing circumstances? That is what the President is authorized to do in this proposal.

Mr. NORRIS. Mr. President—

Mr. HARRISON. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, the Senator from Mississippi has just stated that certain conditions must be found to exist before this proposed legislation may be put into effect. I want to ask the Senator, Is it not true, beyond any doubt, that the condition to which the Senator has just referred already exists and now confronts us?

Mr. HARRISON. There is no doubt in the world but that is true. Even the opponents of this proposal have so stated in more eloquent terms that I can employ. Everybody in America knows it. Some foreign countries were smart enough to devise some kind of plan in order to help themselves. Great Britain created an equalization fund of £150,000,000 for the sole purpose, as circumstances might arise, of lifting the American dollar or driving down the English pound, and they worked it very well. I see no reason why our Government should not adopt a like plan to take care of our situation and to bring about a stabilization of our exchange.

There are other conditions provided in the amendment upon which the President must act and must make investigation accordingly. Another condition is:

Or that an economic emergency requires the expansion of credit.

Can anybody doubt that we require an expansion of credit in this country? Is there anyone on the other side, except



the Senator from Missouri [Mr. PATTERSON], who believes that everybody who needs credit in this country is being taken care of, who does not think that an emergency exists requiring the expansion of credit? We know such an emergency exists.

Or an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments.

Was there ever a more opportune time to clothe the President of the United States with this power, just when the statesmen of the world are here assembled making their preliminary survey and trying to arrange an agenda? Indeed, Mr. President, under the circumstances, now of all times it is opportune to give to the President this power.

We are not seeking an unfair advantage; we are not trying to put something over any other people in the world; but America has a right to protect her own interests with reference to exchanges and with reference to values. Any country that adopts a policy which results in driving down values in this country and making bankrupts of our citizens ought to be combated by American policies that can repel just such attacks as that.

The Senator from Pennsylvania says that the first section of the bill is harmless. I am glad that he gives his approval to that section, which provides for open-market transactions on the part of the Federal Reserve banks. Do you know, Mr. President, why he said that? If there was nothing else in this measure except that provision, I have not the slightest doubt that the distinguished Senator from Pennsylvania would be on his feet finding a hornet's nest in it. He starts out criticizing this provision and when he gets through with that he criticizes another. I fear the distinguished Senator from Pennsylvania and Andrew Mellon and Ogden Mills cannot be pleased at this time, so far as this measure is concerned, because in itself it is a reflection upon the manner in which they ran the Treasury. Ah, if they had had the courage and the statesmanship to have proposed such measures as this, they could have relieved the suffering in this country and restored some semblance of economic health sooner than now.

My friend in his speech this morning said that nothing that Mr. Hoover suggested could pass this body. Why does not the Senator look over the record? Every measure of a constructive character suggested by President Hoover in this economic crisis was adopted by the American Congress. Against my own judgment I voted for measures which were suggested on the other side of the Chamber. I cooperated with the distinguished Senator from Pennsylvania, as did other Senators on this side in that Congress. Loving our country more than we did any political party, striving to restore this country to normal economic conditions, we voted for measures proposed by the Republican administration. President Hoover got legislation, but the trouble is that he delayed too long in making his suggestions. He would not have had the courage to offer such a suggestion as is now before us; but the President who now occupies the White House has the courage to do it, just as he had the courage to recommend the economy bill which will balance the Budget.

Let me call the attention of the Senator from Pennsylvania to the fact—and I know that in his fairness he will agree to the statement—that Germany and Austria and Russia and back in 1862 when the United States Government issued greenbacks and inflation was set in motion here and in Europe it was for the purpose not only of inflating but of paying deficits in governmental budgets. The portion of the decision read by the Senator from Idaho showed that such money had to be issued in order to pay soldiers who were fighting in the war; and the German Government and the French Government were just issuing paper money in order to balance their budgets. No government can do that; that is not sound; that is not stable governmental management. But we are not doing that; we are not issuing one cent in order to balance the Budget. We are balancing the Budget by taxes on the one hand, and economies on the

other, so that our revenues and our disbursements shall be equal, and for that reason we will have no wild inflation as was the case in the other countries.

Mr. BARKLEY. Mr. President—

Mr. HARRISON. I yield to the Senator from Kentucky.

Mr. BARKLEY. In connection with the suggestion as to Germany—and I do not make this suggestion as a matter of criticism but as a matter of fact—after Germany had depreciated her currency to such an extent that it took a wagon bed to hold enough German marks to exchange for an American dollar, Germany paid all her debts in the depreciated currency and then stabilized the mark at about 25 cents in American money.

Mr. HARRISON. Yes. There is much difference between that situation and the one confronting us. This is a conservative measure which provides in its first section for open-market transactions upon the part of the Federal Reserve banks, with the assent and approval of the Federal Reserve Board. Such transactions were undertaken last year by the Treasury Department under the administration of the party of the Senator from Pennsylvania. Open-market transactions were begun last year in the early spring and those transactions continued to the extent of \$1,200,000,000, and were stopped in July. The then President then made his speech in Des Moines saying we were about to go off the gold standard; and then what happened? Prices began to go down. When the open-market transactions were begun commodity prices and business improved, according to statistics, between 8 and 10 percent in this country; unemployment greatly fell off, to the extent of several hundred thousand, as shown by the report of the Department of Labor; but just as soon as open-market operations were discontinued in the latter part of July conditions became a little worse again. Prices of agricultural commodities again went down; business sagged; unemployment increased.

So the second feature of the bill, providing for the purchase of United States bonds to the amount of \$3,000,000,000 and for the issuance of notes, is safe. It is sound. Provision is made for their redemption, their orderly retirement; there is no tremendously wild inflation in it, but it will put money into the hands of the people. As a matter of fact, as the Senator from Pennsylvania knows as well as I do, when the Government sells its bonds to the public and collects money, it contracts the credit. That is deflation. But when the Government issues its money and itself buys its bonds, as is provided by this bill, it gets the money into circulation; that is inflation.

We lay down the conditions upon which the President may act with reference to reducing the gold content of the dollar, with reference to the issuance of the \$3,000,000,000, and with reference to open-market transactions.

Mr. President, the hope of the country lies in this proposal. It means a better day for America. It means that tens of thousands of people who have bankruptcy staring them in the face can come back. It means that thousands of banks in the country, which must now operate under restrictions imposed on their legitimate functions, can resume their normal transactions. It means that the closed banks, with \$6,000,000,000 in frozen assets, will be able to go forward and that their depositors can get their money back. It means a stabilization of currencies throughout the world, and a cessation of this change warfare that has checked commerce and strangled business.

So far as I am concerned, I expect to stand to the last with the President in this fight. I expect to vote against every amendment that is offered to the bill that does not receive the approval of the administration, because it is the Roosevelt administration that must make either a success or a failure of it. Are we asking too much when we say to you gentlemen on the other side of the Chamber, "Give the President a chance"? He may be wrong, but the American people have directed him to proceed. This is the policy the administration wants. They do not believe it is dangerous. They would not ask for it if they believed it would be in-



jurious. They think it is one of the ways for us to proceed to stabilize exchanges, to maintain balanced budgets, and to restore economic normalcy in this country.

Mr. REED. Mr. President, the Senator from Mississippi made the statement that only a limited number of greenbacks may be issued under the pending measure, whereas he said under the act of 1862 the greenback issue was not limited. I find on referring to the act of 1862 that it strictly limited the issue to \$150,000,000, a limitation which was afterwards inevitably increased, as this one will be.

Mr. HASTINGS. Mr. President, my recollection is that it was December 10, 1928, about noontime, when I was sworn in as a Senator of the United States. I had hardly reached my seat before the distinguished Senator from Mississippi [Mr. HARRISON] was recognized. He talked about an hour, and his subject matter was President-elect Hoover. I made some inquiries about whether the time of the Senate was usually taken up with that kind of speeches, and I was informed that that was a habit of the Senator from Mississippi. I came to the Senate the next day, and immediately after the roll call the Senator from Mississippi was recognized and made another speech about President-elect Hoover. This was on Wednesday. I came back on Thursday and answered the roll call again, and the very first thing that was done by the presiding officer was to recognize the senior Senator from Mississippi, who made another speech about President-elect Hoover and the Republican Party.

Mr. HARRISON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Mississippi?

Mr. HASTINGS. I yield.

Mr. HARRISON. The Senator must have liked the speeches if he came back as often as he said he did. [Laughter.]

Mr. HASTINGS. I did. I always enjoy the speeches of the Senator from Mississippi, but I came as a matter of duty, because that early in my career as a Senator I believed it was necessary to be here when the roll was called. [Laughter.]

That kept up all during that week until Saturday. When Saturday came my recollection is that the Senator from Mississippi, for some reason or other, was not present. That continued until Christmas time. I had hoped, when the Senator from Mississippi got away from here, returned to his home, and spent a pleasant holiday with his Democratic friends that he would become tired of preaching to the country and to the United States Senate his doctrine about the Republican Party. But, lo and behold—

Mr. HARRISON. Mr. President, will the Senator yield again?

Mr. HASTINGS. I yield.

Mr. HARRISON. Was it those speeches that had such a telling effect in the last election, that drove so many Republicans out of power? [Laughter.]

Mr. HASTINGS. I will come to that in a moment. After the holiday, and as soon as the roll was called, again the Senator from Mississippi was recognized. He always talked until lunchtime. He kept that up during the whole winter, as I recollect. But since the new administration came into office, since he has a President of his own party in power, I have not heard him say a word on the floor about anything. Certainly he has not made, during that whole period, any such impassioned speech as he made today. This is the first time that he has uttered a word, so far as I recollect, except with reference to one bill of which he had charge, with respect to what is being done by this administration.

Now he comes here today and makes an eloquent speech. I am sure everybody enjoyed it. I know that I did. However, he spoiled it all, Mr. President, by the last few words he employed. Lo and behold, for all I know he may agree with the distinguished Senator from Pennsylvania [Mr. REED] with respect to this measure, for all I know he may agree with that distinguished Senator about the great dangers in the bill, because toward the end he bases his sole

argument upon the fact that it is an administration measure and that he proposes to vote for it, regardless of any amendment that may be offered to it, because it is an administration measure.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. HARRISON. Will the Senator do me the kindness to admit that when his party was in power during these hectic days, I supported every proposal that might restore the country to an even balance, and gave it my sincere cooperation?

Mr. HASTINGS. I cannot answer that question for this reason. Every man has his own notions about what is going to restore prosperity. The distinguished Senator from Mississippi may have had a different notion from mine with respect to it and may have voted differently from the way I voted. I assume the distinguished Senator from Mississippi always votes because he hopes and believes the measure proposed is a helpful thing for the country. Is not that true?

Mr. HARRISON. That is quite true.

Mr. HASTINGS. It would not be because it was a Republican measure that he would vote for it. Is not that true, too?

Mr. HARRISON. Whatever doubt I may have had, I resolved it in favor of the administration, because I believe in these times we ought to bury any partisan differences and try to support those who are directing the affairs of the Nation.

Mr. HASTINGS. Mr. President, the distinguished Senator from Mississippi paid a compliment to the Senator from Pennsylvania [Mr. REED]. He talked about what an able Senator he is, what a great lawyer he is, how necessary it is for him to be a great lawyer in order to hold the clients that he has, and he referred to those clients. He said something about the Senator from Pennsylvania being a self-appointed leader, and about certain Senators over here being a little jealous. So far as I am concerned, I am proud of the Senator from Pennsylvania and proud of the fact that he sits on this side of the aisle. I say that notwithstanding the fact that he counts Mr. Mellon and Mr. Mills as his personal friends.

I heard the remarks which the Senator from Mississippi made with respect to Mr. Mellon and Mr. Mills, indicating that he does not believe that the administration of the Treasury under them was helpful to the country. He complained about Mr. Mills, and about Mr. Mellon through Mr. Mills, and that they, with the assistance of the Senator from Pennsylvania, are doing what they can to defeat the pending measure. I want to ask the Senator from Mississippi this question: Did he go to the Banking and Currency Committee, where the present Secretary of the Treasury undertook to explain the bill? I went there, although not a member of the committee, because I was anxious about the bill. I was anxious to know what explanation could be made of this revolutionary measure. I saw there the Secretary of the Treasury, and I heard the questions asked; but who answered the questions? Did the present Secretary of the Treasury answer the questions? Oh, no! The present Director of the Budget sat by his side and answered all the intricate questions that were asked by members of that great committee.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Kentucky?

Mr. HASTINGS. I yield.

Mr. BARKLEY. In former days Under Secretary Mills did the same thing when Mr. Mellon was testifying before either the Finance Committee or the Banking and Currency Committee.

Mr. HASTINGS. Did the Director of the Budget ever sit with the Secretary of the Treasury, telling him how to answer questions asked by the committee of the Senate?

Mr. HARRISON. We did not have as good a Director of the Budget in those days as we have now.



Mr. HASTINGS. I wondered at that situation, and I inquired of a member of the committee, when I heard the answers made by the Director of the Budget on the one hand and an occasional answer made by the Secretary of the Treasury himself on the other hand. I asked the question why it was that the Democratic administration should choose their Secretary of the Treasury from the Republican Party when they had a good man like the Director of the Budget whom they might have appointed from the Democratic Party. I would not repeat just what the answer was, because it may have been considered confidential.

When we come to compare the Secretaries of the Treasury, I say now that I shall be ashamed in the years to come, I am sure, to compare the administration of both Secretary Mellon and Secretary Mills with the administration of the present Secretary of the Treasury. I only hope that the present Secretary of the Treasury will last long enough for us to be able to make a correct comparison.

Mr. President, the Senator from Mississippi said in his opening remarks that it is important that nobody be unfair and attempt to deceive the American people—referring to the Senator from Pennsylvania [Mr. REED]. I want to ask the Senator from Mississippi some questions with respect to that right now. I want to ask them with respect to the bill which is now before us. I inquire of the Senator from Mississippi whether he heard the distinguished Senator from Oklahoma [Mr. THOMAS] yesterday when he made his speech telling what is going to happen if the bill is passed? Then I inquire whether or not the Senator from Mississippi read in the morning paper what the distinguished Senator from Arkansas [Mr. ROBINSON], the leader on the other side of the Chamber, said with respect to it?

Mr. HARRISON. I did not hear the speech of the Senator from Oklahoma. I wish I could have been here to hear it. I know that he made a good speech. I do not know that I can agree with everything he said. What else did the Senator want to ask me?

Mr. HASTINGS. I think it is important for the Senator from Mississippi to read that speech and let the country know whether he agrees with the Senator from Oklahoma or whether he agrees with the distinguished Senator from Arkansas [Mr. ROBINSON], for these reasons—and it is very important—

Mr. HARRISON. Which one does the Senator agree with?

Mr. HASTINGS. I do not agree with either of them. [Laughter.]

Mr. HARRISON. I thought so.

Mr. HASTINGS. But I do say that I shall hope, as the years come and go, that the Senator from Arkansas is correct and the Senator from Oklahoma is not correct; but I say that the matter is exceedingly important, and important for this reason:

Great authority is being given the President under this bill. The people of the country are anxious to know whether the Senator from Oklahoma is correctly interpreting the attitude of the President of the United States, or whether the Senator from Arkansas is correctly interpreting his attitude, with respect to this bill. I do not know what the Senator from Mississippi will say with respect to it. He calls it conservative; he calls it sound money; but I say that the people are entitled to know. We ought not to be compelled to depend upon those who want to believe with the Senator from Arkansas relying upon the President to do that, and those who want to believe that the Senator from Oklahoma is correct relying upon him to do that.

Mr. President, the Senator from Mississippi, I know, is anxious to hear this speech, and I hope he will listen.

Mr. HARRISON. I hope the Senator will continue talking about me, because as long as he does he has such a good subject that he might make a good speech. [Laughter.]

Mr. HASTINGS. I expect to make a good speech anyway, and I expect the Senator from Mississippi to agree with it. I want to say, however, that after I had attended the meeting of the Banking and Currency Committee, and had spent some hour and a half there, and heard the questions asked

the Secretary of the Treasury and heard them answered by the Director of the Budget, I inquired of myself, "What does this all mean?" I thought about it during the day; and toward evening I picked up a paper and I read, as I sometimes do, little pieces of poetry in that paper. Among others, I read this, and I said to myself, "This fits my situation exactly." It was entitled "Terrible Fear", and it read like this:

As plans are progressing  
In many a land,  
I'm sadly confessing  
I don't understand.  
And when they're explaining  
I'm sorry to say  
I fear, while complaining,  
That neither do they.

[Laughter.]

That is exactly the way I felt when I read that poem on that day.

Mr. President, there are two things about this amendment that distress me. I have always believed that any effort to change the value of the American dollar was a dangerous thing, and ought not to be done except after a most careful consideration by men of experience. For this reason I should hesitate to make a change in the value of the American dollar, even if I knew the kind of change I was voting for. My trouble here is I do not know what change is to be made. I should feel safer in voting for the issuance of \$3,000,000,000 of paper money under the Act of February 25, 1862, as provided in paragraph 1 of section 34, than in giving to the President authority to do the same thing, even though I were reasonably satisfied that he would not issue more than one third of that amount. I should feel safer in providing for reducing the value of the gold dollar by 50 percent by congressional action than in leaving the matter to the President, although I were reasonably certain that he would not reduce it by more than 25 percent. In other words, the stability of the thing which Congress does with respect to the currency is essential for the future welfare of the people of the Nation.

It is generally conceded by those who are urging the adoption of this amendment that its success will depend entirely upon its administration; but does anybody know what will happen under this bill? Does anybody know what the actual inflation will be? Does anybody know what the President, who is given full authority in the matter, intends to do?

In this connection, I desire to quote a portion of an editorial appearing in the Baltimore Sun of Sunday last:

It may be answered that there has been paralyzing uncertainty in the field of long-term investment for several years now, an uncertainty as to whether the continuance of a devastating decline in prices would eliminate earning power and result in unwelcome foreclosure. The substitution of one type of new uncertainty for old, however, avails little by way of fundamental relief for our economic woes. For the most part it merely changes the nature of the malady, and perhaps intensifies it by making the most sweeping financial readjustments depend upon the wishes of a single individual. If, after securing the power, which seems to be assured to him, to resort successively to increasingly drastic financial readjustments, President Roosevelt were to set up definitely measurable economic tests to be applied before taking the succeeding steps, or a specific time sequence to govern them, some of the curse of uncertainty might be removed.

As matters stand, however, adoption of the program would inject a devastating element of financial uncertainty, and in a field where an element of certainty is essential to basic economic recovery, if it is to be in charge of private enterprise. It is said that by putting forward his three-way plan President Roosevelt has headed off a headlong rush in Congress toward some wilder inflation scheme. In assessing that gain, however, it should be noted that Congress would presumably adopt some specific plan, however cock-eyed, and then go home for a time, while the administration plan proposes to leave almost everything up in the air to await the pleasure of an executive equipped with power to make the most sweeping financial changes. For self-protection the administration should try to modify its plan in the direction of certainty on what steps are to be expected if it wishes to promote recovery of the prevailing economic system.

The same paper on the day before had this to say about this amendment, Mr. President:

#### EYES ON THE PLANNERS

With the dollar dancing around on the foreign exchanges and the stock and commodity markets boiling, there is a tendency in seeking economic bearings at this juncture to concentrate on



these shows and the dazzling financial moves in Washington which have jazzed them up. It seems quite likely, however, that the economic bearing takers would serve themselves and their clients well by examining carefully what "the planners" are up to in Washington. For they hold some of the trump cards in the economic gamble, domestic and international, on which President Roosevelt has boldly embarked.

In a phrase, what President Roosevelt's financial program seems to mean is that he is prepared to shoot the works in an effort to make business and industry in the United States move out of the doldrums, from which they have been moving somewhat under their own steam of late. So far as credit and currency adjustments are concerned, he proposes first to employ a larger dosage of "easy money" through Federal Reserve System operations. That was tried on a large scale by the Hoover administration without success, but the Roosevelt administration apparently believes, with some factual support, that the business structure is straightened out enough to begin lapping up "easy money", thus expanding production and employment.

If the Reserve System, a privately owned enterprise, follows past Democratic Party preachment and does not acquiesce in being made a political subsidiary of the Roosevelt administration, or if "easy money" does not turn the trick desired, the administration then contemplates fulfilling the "sound currency" provision of its platform by printing a few billions of currency and tossing that into the business and industrial pot to see what it will do by way of making it simmer. Since 1929 we have had an enormous expansion of currency, and on April 19 the Federal Reserve Board reported \$6,068,000,000 of currency in circulation, some billions more than were outside of the banks at the peak of the boom in 1929. But though this gigantic expansion of the currency since 1929 has not offset business decline, the administration apparently reasons that further dosage now may validate a therapy which thus far has proved an abysmal flop. And if credit expansion and currency expansion, or both, do not turn the trick, the administration seeks authority to change the gold content of the dollar within limits of 50 percent, or, in other words, to impose what amounts to a 50-percent capital levy upon a nation which only a few years ago was looking askance at the "subversive" British Labor Party for smiling upon the idea of a far smaller levy.

Mr. President, I cannot bring myself to the point of straining and stretching the various sections and paragraphs of the Constitution in order that Congress may find a way to relieve itself of its own responsibilities and to place in the hands of the President a power which the framers of the Constitution never intended him to have. It would seem, on the face of this amendment, that it is wholly unconstitutional. It deals with a subject that the Constitution has left wholly with Congress, and an effort is being made here to transfer that power to the President.

I assume that it is contended that the case of *Hampton* against *United States*, reported in Two Hundred and Seventy-sixth United States Reports, page 394, is sufficient authority for the constitutionality of paragraph 2 of section 34 of the amendment. While I believe the Supreme Court would distinguish the present question from its decision in that case, I do not propose to discuss in detail the decision in the *Hampton* case. I do desire, however, to call attention to paragraph (2) and see whether other Senators are as confused as I am with respect to its meaning.

In the first place, the President is authorized—

by proclamation to fix the weight of the gold dollar in grains nine tenths fine at an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies.

That much of the paragraph is apparently clear and definite in its meaning. If it stood alone, there would be no difficulty in understanding what it meant. In connection with that which I have read, however, I desire to read the last few lines, which qualify this broad authority by the use of this language—

But in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

The present weight of pure gold in a dollar is 23.22 grains. Under the terms of this measure the President would be limited in his proclamation, and could not reduce the 23.22 grains to less than 11.61 grains; but it will be observed that there is nothing in the section which prevents the President from increasing the gold content of the dollar to—

an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies.

It may be urged by those who know more about it than I do that it is not necessary to put a limitation upon the

President which would prohibit him from increasing the amount of gold in the gold dollar, because the conditions just read are not likely to make such increase necessary; but what we are doing here is taking congressional action under that provision of the Constitution which gives us authority—

to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

The act of Congress in the *Hampton* case referred to limits the President's power in both increasing and reducing the tariff; but here no limitation at all is placed upon his power to increase.

Now, let us take the next provision of the paragraph, which reads as follows—

Or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity—

And then follows the exception which I have heretofore quoted, limiting the reduction to 50 percent.

It will be observed that here are two conditions which warrant the President, under this paragraph, in fixing the weight of the gold dollar by proclamation. If the President finds it necessary to act under the first part of the paragraph, and he does act, does his action thereby become final, and is he unable to act subsequently under the second condition? In other words, if he acts to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, can he subsequently enter into an agreement with a foreign government whereby the weight of the gold dollar is changed from that originally fixed by him? He may conclude, for instance, under the first condition that it becomes necessary to reduce the value of the dollar by 25 percent and under the second condition that it becomes necessary to reduce it 50 percent. What I am interested in knowing is whether he can do both; and when he does both, and one is different from the other, which is the one that is controlling?

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Vermont?

Mr. HASTINGS. I do.

Mr. AUSTIN. I should like to ask the Senator if he has considered the possibility of the President's being obliged by circumstances to make two different bases or standards with two different countries at the same time, and, if so, which one would govern as the standard for the United States under this measure.

Mr. HASTINGS. From a practical point of view it certainly seems to me that under the law he could fix only one; but the intent of the amendment and the language of the amendment are so drawn that we may reach any conclusion that we care to reach with respect to it. If we want to argue that he may do that, we may do so with some reason. If we want to argue that it seems unreasonable to do that, we may contend that. It is impossible for me to answer the Senator's question; and I propounded the question with the hope that the Senator from Mississippi [Mr. HARRISON], if he finds an opportunity, may take occasion to explain it to me.

That is not the only difficulty with this section. The second condition is based upon a case in which the Government of the United States enters into an agreement with another government under the terms of which the ratio between the value of gold and other currency issued by the United States and by such other government or governments is established. Does this section intend to give to the President the power to enter into agreements with other countries touching the question of the value of currency of this



Government as compared with the value of the currency of such other government?

It seems to me that the constitutional provisions, leaving to Congress the power to regulate the value of money and leaving to the Senate the ratification of treaties, never intended that any such important contract should become binding upon this country until the specific law had been approved by the Congress and the specific agreement with respect to it had been approved by two thirds of the Senate.

It has been pointed out that there is nothing mandatory in the amendment and that it merely gives to the President certain discretionary powers. Indeed, this makes the whole thing all the more objectionable. If the amendment itself set forth a definite and fixed policy, and gave to the President certain and specific authority to do a particular thing upon the happening of some event, it would not be so objectionable. There is, however, no policy set forth in the measure. It refers to an economic emergency, requiring an expansion of credit, and so forth, but there is no guide by which the Congress or the public can determine what the results will be.

Mr. Frank R. Kent, under date of April 23, aptly described what is being attempted and what may be expected. He states:

The fact is, there is no substance in the argument that the permissive character of the powers granted minimizes the force of such measures. The history of legislation is that when such discretionary authority is conferred the pressure to use it has been irresistible. Forces strong enough to compel the granting of the power are always strong enough to compel its use after the grant. There was no deep design upon the part of Mr. Roosevelt, either in the farm bill or the inflation amendment, to please every man with a patent-medicine cure by putting in his prescription and then not giving it to the patient. On the contrary, the various schemes were put in because legislation on these lines had to be passed, and there was no way of getting reasonable unity without including all the schemes in sight.

And if enacted they will all be used. Each prescription will be given a trial. The political druggists powerful enough to have them put in will be powerful enough to have the dose administered. Further, that is the administration philosophy. Here is a very sick nation. If one thing does not effect the cure, try another. Call in all the doctors. Put in all the prescriptions. Mix the quacks up with the qualified practitioners. Try everything. How does anyone know something won't work? It shouldn't, but it might.

I quote again from the Baltimore Sun an article by the editor, Mr. John W. Owens. I want to say, in this connection, that this paper is making the best fight among all the papers of the East against this dangerous legislation. Mr. Owens' article of Sunday has this to say with respect to it:

REVOLUTIONARY CHANGES FORESEEN IF ROOSEVELT KEEPS PRESENT COURSE—ADMINISTRATION HELD NEARING EDGE OF LEFT-WING RADICALISM, WITH POSSIBILITY PROGRAM OF REGIMENTED DOMESTIC ECONOMY WILL BE ADDED TO INFLATION

By John W. Owens

#### BOWS TO INFLATIONISTS

What happened was that Mr. Roosevelt bowed to the inflationists in Congress, and also to those outside of Congress. Precisely as the passage of the Black 30-hour bill through the Senate on April 6 set in motion strong forces for a planned economy to govern industrial production—forces to which Mr. Roosevelt has been giving encouraging nods of the head—so the powerful demonstration in favor of inflation in the Senate on April 17 turned his attention to inflation and caused more nods of the head. From the hour the Wheeler 16-to-1 bill was beaten by only 10 votes, and the House inflationists took heart and began yelling, the White House has been making inflation more and more respectable.

The gold embargo was a sympathetic nod to the inflationists, a nod that was coupled with the hope that the embargo would have a psychological effect on the markets, if not an intrinsic effect on prices. And then, in rapid order, came the agreements with the inflationists. These agreements were set about, it is true, by the administration's friends with garlands of cleverness. The President had agreed to assume discretionary power to institute one or more forms of inflation, and by his assumption of discretionary power Congress was robbed of the opportunity to rush pell-mell into some crude system of turning out printing-press money.

#### MAY NULLIFY OWN POWERS

But this may well prove to be another of those victories that no nation can afford. It is possible that Mr. Roosevelt will sit on the powers that are to be given him and crush them into nullity. But it is also possible that he has given character to a movement which his past professions and his party platform would lead one

to believe were forbidden. If people are so formidable that they must be given a taste of victory, is it likely that they then will become submissive?

Mr. President, the author of the bill frankly states that if \$200,000,000,000 should be taken from the credit class and given to the debtor class of the Nation no injustice would be done. It is impossible to listen to the speech he made on the floor of the Senate without reaching the conclusion that, in part at least, that is his expectation of what will happen when the bill goes into operation. It is known that the amendment had the approval of the administration before it was offered. It is assumed, therefore, that the author of the amendment has some concrete notions about what the President may be expected to do under this amendment. Our attention has been called to the fact that the products of the farm are selling at a very low level, that wages are low, and that men are out of employment, and it is expected that this inflation scheme will cure all of these ills, and cure them quickly. The history of the world furnishes no evidence that any such results will follow.

The Washington Post, under date of April 23, with respect to what may be expected under the operation of this measure, has this to say:

It is a well-known fact of history that the workingman is hit harder than anyone else by the debasement of monetary values. The wealthy interests protect themselves by shifting their holdings into stocks and various forms of tangible wealth. But the workingman whose wages are measured in terms of dollars must accept the cheap money from week to week and do his best to secure a larger number of dollars to offset their decline in value.

Prices cannot be permanently lifted by inflation unless the process of cheapening money is carried to such disastrous proportions that money becomes worthless. Great Britain experienced a moderate rise in prices after going off the gold standard, but prices soon subsided again, even in terms of the depreciated pound. At present commodity prices in England are lower than they were when depreciation of the pound began.

If the experience of the United States should be similar, workmen in this country may be handicapped by higher living costs for a brief period. If the fundamental causes of industrial stagnation should remain uncorrected, further price declines or further inflation to offset such a tendency would be inevitable. In either case the country must come back face to face with elementary economic problems which cannot be solved by taking the value and certainty out of money.

Grover Cleveland, in his first annual message to Congress on December 8, 1885, in discussing the effect of cheap money upon labor and other classes, had this to say:

It may be said that the latter result will be but temporary, and that ultimately the price of labor will be adjusted to the change; but even if this takes place the wageworker cannot possibly gain, but must inevitably lose, since the price he is compelled to pay for his living will not only be measured in a coin heavily depreciated, and fluctuating and uncertain in its value, but this uncertainty in the value of the purchasing medium will be made the pretext for an advance in prices beyond that justified by actual depreciation.

The words uttered in 1834 by Daniel Webster, in the Senate of the United States, are true today: "The very man of all others who has the deepest interest in a sound currency, and who suffers most by mischievous legislation in money matters, is the man who earns his daily bread by his daily toil."

The so-called "debtor class", for whose benefit the continued compulsory soilage of silver is insisted upon, are not dishonest because they are in debt; and they should not be suspected of a desire to jeopardize the financial safety of the country, in order that they may cancel their present debts by paying the same in depreciated dollars. Nor should it be forgotten that it is not the rich nor the money lender alone that must submit to such a readjustment enforced by the Government and their debtors. The pittance of the widow and the orphan, and the income of helpless beneficiaries of all kinds, would be disastrously reduced. The depositors in savings banks and in other institutions which hold in trust the savings of the poor, when their little accumulations are scaled down to meet the new order of things, would, in their distress, painfully realize the delusion of the promise made to them that plentiful money would improve their condition.

Some 11 years later the great Bryan brought the cheap money issue before the American people in his sensational "cross of gold" speech, in which he said:

If they dare to come out into the open field and defend the gold standard as a good thing, we will fight them to the uttermost. Having behind us the producing masses of this Nation and the world, supported by the commercial interests, the laboring interests, and the toilers everywhere, we will answer their demand for a gold standard by saying to them: You shall not press down upon the brow of labor this crown of thorns; you shall not crucify mankind upon a cross of gold.



Following the nomination of Mr. Bryan this country waged a very sensational and exceptional campaign. It was finally decided in favor of sound money. The issue shortly thereafter disappeared, and in the last campaign, 36 years later, the Democratic Party in its platform declared:

We advocate a sound currency to be preserved at all hazards and an international monetary conference called on the invitation of our Government to consider the rehabilitation of silver and related questions.

An editorial in the New York Herald Tribune of April 21, entitled, "The Strategic Gains", enters into a discussion of the Thomas amendment. The editorial emphasizes the dangers of the amendment in the following language:

The risks of the new position, the appalling powers which it will place in the President—powers at a stroke to make and unmake the dollar, the price level, the wage level—lie on the other side of the scales. The plan proposed has an all too professorial air of neatness; it would undoubtedly work beautifully in a perfect world, where there were neither politicians nor selfish groups nor hungry nations. In a world of sin and confusion, operating under the jealous eye of a Congress that yearns to start the printing presses, it can hardly fail to start as many new problems as it has solved.

It then proceeds to call attention to the fact that in the Congress there exists a strong feeling in favor of inflating the currency, and the editorial concludes that the matter is probably safer in the hands of the President than it is in the Congress. I quote, referring to the President:

We are glad to reiterate our confidence in the essential soundness of his financial faith. We still believe that he has no intention of abandoning his pledge to uphold the dollar, and that he will use wisely and carefully the extraordinary powers for which he asks.

I am wondering if the writer of that editorial was relying upon the pledge in the Democratic platform and the speeches made by the President relating to this question.

On July 30, 1932, the President in opening his campaign and in discussing the various provisions of the party platform, said:

To meet this staggering deficit the administration has resorted to the type of inflation which has weakened public confidence in our Government credit both at home and abroad.

Again, he said:

Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits. Let us have equal courage to reverse the policy of the Republican leaders and insist on a sound currency.

And again in the same speech:

Muddled government finance creates a general uncertainty concerning the value of national currencies; this uncertainty has a way of spreading from country to country. The world is tormented with it now.

It is obvious that sound money is an international necessity, not a domestic consideration for one nation alone.

We face a condition which at first seems to involve either an unbalanced Budget and an unsound currency or else of the Government to assume its just duties—the relief of distress and protection against loss of savings built up through many years by numberless small investors. This concerns you, my friends, who managed to lay aside a few dollars for a rainy day.

In his inaugural address he used this language:

There must be an end to speculation with other people's money, and there must be a provision for adequate and sound currency.

I am wondering, Mr. President, as I read these extracts from the speech of the candidate who was elected in November last, whether it could have been reasonably anticipated by any person casting a vote for such candidate that he would request or approve any such measure as that now before the Senate. The quotation from his inaugural address was, of course, made after the election, but was there anything in that sentence I have quoted which would indicate that he believed any such measure as this could be called "sound currency"?

He rightly condemns the practice of speculating with other people's money. I take it that that refers in particular to the banks of the country. It has been stated time and again that the banks are merely trustees for the depositors, and as trustees they should be held strictly accountable for the funds of the depositors. It may be said

also that the directors of the banks are the trustees of the stockholders, so that they act in a dual capacity, as trustees for two groups of persons. The speculation here referred to applies to the money of the depositors only.

As I read this language of the President, and believe with the great mass of the American people in his sincerity when he stated it, I am wondering how he can justify placing himself in a position where he can by merely writing his own name to a paper change the value of the purchasing power of the American dollar; make \$1 pay a \$2 debt; increase the necessities of life for a family from \$10 to \$20; and reduce the value of Government bonds, payable in gold, to one half their present value.

I, of course, do not use the word "speculate" in the same sense that the President used it in his inaugural address, but when we pass this bill and the President begins to exercise the authority given him under it, how can it be said that he does not immediately begin speculating with all the money of all the people of the Nation?

This speculation immediately creates an uncertainty and cause for speculation on the part of every person in the land whether that person be a wage earner, a widow with a small income, or of that class which the Senator from Oklahoma insists has \$200,000,000,000 more than it ought to have.

Mr. President, in the same inaugural address, the President comments upon the fact that the "money changers" had been driven out of the temple. "Money changers" are rather ugly words and, as used here, were intended to apply to people who had done something wrong. There was no definite description by the President as to just what class of people he had in mind. He certainly did not intend it to apply to reputable bankers of the country, and I do not suppose that he meant it to apply to all members of the stock exchange; but I think the people of the country got the impression that he referred to that group of speculators that had so much to do with taking the stock market to its great height prior to the end of 1929. We have been led to believe by the author of this amendment that its specific purpose is to cheapen the dollar; raise agricultural and commodity prices, and he says:

If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that \$200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation.

And now let us see what has happened since it was known that the administration had changed its course with respect to currency. Let us see whether the farmers have been benefited, or whether the speculators have been injured.

On April 19 at 10:30 in the morning, the President announced to the newspapers that the American dollar would not be supported abroad. On the very morning of April 19 there began a sensational rise in the stock market. The newspapers carried the story of the many millions of shares of stock that were traded in that very day. The next day, the 20th, the announcement was made that the President would support an inflation of the currency. The newspapers also carried the story in this connection that on the evening of the 18th of April the President had his advisers about him, conferring with them upon this subject. How can it be explained that the stock market had such a sensational rise on the 19th, except that the speculators had what may be called "inside information"? I want it distinctly understood that in making this suggestion I am in no sense reflecting upon the President, nor am I reflecting upon any of his advisers. I am quite certain that that conference was a confidential one and was so understood by all those who participated in it. I merely call attention to the fact that it is impossible for the President, who must of necessity consult other people, to prevent his plans from being known to a few people before they are announced to the world. I call attention to this as being a fact which cannot be controverted and which cannot be prevented by the most scrupulous and the most careful. In other words, it is a



perfectly natural thing that when a few people know a secret, many people know it very shortly thereafter. Therefore, in the operation of this bill by which such tremendous power and authority are given to the President, he will of necessity consult those in whom he has confidence, and it will be impossible for him definitely to decide upon any action and announce it to the world without it being known beforehand to a few of the so-called "speculators", who will undoubtedly take advantage of it. Under this identical amendment the first proposition is to be submitted to the Reserve Board. The energetic newspapers will soon ascertain whether that Board is to act or will refuse to act. If they do act, and it be ascertained that the \$3,000,000,000 inflation under the scheme laid out for the Federal Reserve Board is not sufficient, then the President is authorized to issue \$3,000,000,000 additional under the act of February 25, 1862. His action will have a tremendous effect upon the Nation and upon the world. Will it be possible for him to keep it a secret? Will it be possible to prevent a few people from ascertaining that fact before it is made known to the Nation, and does anybody doubt that the speculators will have some way of getting the information and taking advantage of it before the farmers of Oklahoma will reap much benefit from it?

Between the opening of the stock exchange on Wednesday, April 19, and the closing of it on Monday, the 24th, a period of 4 days' operation, the value of the stocks listed on the Stock Exchange of New York increased by approximately \$5,000,000,000.

If the distinguished Senator from Pennsylvania had been sitting on the other side of the aisle and had been urging the adoption of the pending proposal and the stock market had gone up at the same rate during the 4 days, he would have been charged, I insist, with being controlled by the money interests of the Nation and would be condemned on that account. I say it is just as fair to charge the distinguished Senator from Oklahoma with being in the pay of the speculators as it is to charge the distinguished Senator from Pennsylvania with being opposed to this measure because he represents interests in his own State that have large stakes in connection with the inflation of the currency.

The prices of farm commodities have increased also, perhaps, but I am wondering if any farmer in Oklahoma up to this point has been able to feel the effects of it or get any of the benefits from it.

Now, Mr. President, I wish to read a telegram that I received yesterday morning from Chicago. It is as follows:

CHICAGO, ILL., April 24, 1933.

HON. DANIEL O. HASTINGS,  
Senate Office Building:

In this great national emergency I hope you can give your sympathy and support to a program of controlled and sound inflation and to cooperate on pending legislation. It has been currently demonstrated that only the mere talk of controlled inflation has brought about a substantial recovery in prices and buying power, and obviously the actual passing of effective legislation will certainly bring immediately a much greater advance in prices and buying power. This program will naturally help not only the great mass of individuals but will also on a wide scale thaw out and liquefy a high percentage of the present frozen assets of banks, insurance companies, and other institutions. In addition to the many important financial benefits to our Federal, State, and local Governments the relationship of the debtor and creditor classes would quickly tend to a more fair and equitable basis. Your cooperation at this time would prove most valuable.

Mr. President, I have no notion that the distinguished Senator from Mississippi [MR. HARRISON] had anything to do with that telegram being received by me, but I did not know the sender of it, and I was interested to find out whether he was a farmer and hoped to get benefit from this measure or just what his interest was. So I made some inquiry in Chicago about him, and I found that he is the president of an aviation company. I also found that the stock of his company is listed on the New York Stock Exchange; and I also found that within the past 4 days it has increased 50 percent. That is the kind of interests that are urging me to support this bill so far as I have been able to ascertain them. I may add that I understand other Senators have received similar telegrams.

Mr. President, there is one other article to which I desire to refer, but I cannot, for the moment, put my hands on it. I do, however, want to call attention to an open letter which was sent by the People's Lobby, dated April 24. I desire to call attention to the fact that Rexford G. Tugwell, who, I think, is Assistant Secretary of Agriculture, is a member of the council of the People's Lobby. I have previously had communications from the People's Lobby. I do not agree with all they say, but I do want to read portions of this letter into the Record. It is directed "To Members of Congress":

The soapsuds-money advocates are vociferous, but by 1934, and probably within 6 months, their stupidity would bring increased suffering to countless millions of voters, who will act accordingly at the next election.

A reported \$8,000,000,000 increase in the price of stocks during the past week is the advance "benefit" of soapsuds-money advocacy.

They were too high a week ago, but neither farmers, the unemployed, nor wage-earners shared in this increase, though probably several soapsuds-money advocates made a killing, as well as other wealthy Democrats.

Debts and interest rates, Government and non-Government, must be reduced at least a third, but no one except a fool advocates tearing down a house in order to repair the roof.

Senator THOMAS' proposal, carried to its logical and probable conclusion, would produce the following results:

1. Start another 1929 bull market, with equally disastrous results, but large profits to the owners of both parties.
2. Cut wages and salaries a quarter to a half.
3. Take away from farmers in higher prices for what they buy most, if not all, of such benefit as they might possibly derive from higher prices if the lure of anticipated higher prices didn't result in the inevitable orgy of overproduction.

Even Democrats should be realists, not theorists.

4. Start disastrous speculation in city and farm lands.

5. Compel Federal, State, and local Governments to increase several fold their appropriations for relief of the unemployed and their dependents.

6. Compel the Federal and State and local Governments at least to restore wage cuts, if not to increase them above the level before wage cuts.

7. Reduce the face of life-insurance policies and the purchasing power of savings accounts by two thirds to three quarters.

8. Unbalance Federal, State, and local Governments beyond possibility of balancing without a drastic capital levy.

Inflation is a coward's or a crook's method of evading the program of economic reconstruction which the aftermath of the Democrats' World War has made immediately necessary.

Mr. President, before closing I desire to refer to what I consider the most offensive part of this amendment. I have heretofore at various places undertaken to defend the Congress of the United States. In my own State I hear criticism of Members of the Senate who disagree with me and who sit on this side of the Chamber. I undertake to defend their attitude, to insist upon their sincerity, to insist upon their honesty, and to call attention to the fact that they come from States and live among people where the conditions are entirely different from those with which the people of my State, for instance, are accustomed. I have on more than one occasion referred as an illustration to the fact that it would probably be impossible for the distinguished Senator from Nebraska [MR. NORRIS] to be elected to the United States Senate from the State of Pennsylvania, and I have in the same breath said that I know it would be impossible for the distinguished Senator from Pennsylvania [MR. REED] to be elected to the United States Senate from the State of Nebraska. The whole difficulty is that we have our points of view, depending upon our contacts with out people at home.

I have undertaken to defend the Congress. I have done it against the attacks of the newspapers, the editorial writers and the magazine writers all over this country of ours. But I say that if the Congress keeps on I shall undertake to defend it no longer. I say if this bill becomes a law of the land with this amendment in it, then the Congress ought to fold its tent and go home. I say that at the same time it ought to fold the Constitution and seal it and appoint a distinguished committee to take it to the White House and lay it in the lap of the President of the United States.

What is it we have done in the last few weeks that makes the people say that the Congress amounts to nothing and cannot amount to anything in the future? The first thing



we did was to pass the bank bill. Many of us believed it was necessary. Many of us believed it was necessary to give extraordinary powers, and notwithstanding the criticism of the senior Senator from Mississippi [Mr. HARRISON], we agreed heartily with all the administration recommended.

Then came the economy bill. After a protest about the authority given to the President, it was urged upon me that it was necessary to save the Nation, and I put my tongue in my cheek and voted for that bill also.

Then came the farm bill, which undertook to make a king out of the Secretary of Agriculture, giving him powers over the farmers of the Nation, giving him powers over the processors of the Nation, giving him power to license or refuse to license them, powers that no individual ought to have. As the Senator from Virginia [Mr. GLASS] said with respect to those powers:

I might say that there is no human being who has ever been created by God upon whom I would confer the authority and the power that this bill undertakes to confer upon the Secretary of Agriculture.

May I invite the attention of the Senator from Virginia to the fact that what we have given the Secretary of Agriculture is nothing compared with what we are about to give the President of the United States—power in dealing with the American dollar, shifting it back and forth from day to day until nobody will know what it will be worth tomorrow or next day or next week, and we will have to look at the papers to see what it was worth the week before.

That is not all that is being asked of us. We hear it said through the newspapers that the Secretary of Labor is urging upon the lower House to modify the Black labor bill so it will be possible to control the industries of the Nation and see to it that no more is produced than the Nation is ready to take and use. That is an additional power for which the distinguished Secretary says she is not asking. For what is she asking? She suggests that instead of giving her the power it be given to a board of certain members of the administration mentioned by her.

Our attention was called to the fact by the distinguished Senator from Pennsylvania [Mr. REED] the other day that this is not all. There is before the House of Representatives a recommendation from the President that he be given authority to change and modify and cancel the contracts made by the United States Government with its citizens.

These are the 4 or 5 things we have been asked to do, and I repeat that we ought to fold this miserable congressional tent and go to our homes. We ought to take the Constitution, preserve it as much as we can by sealing it, and take it to the White House and lay it in the lap of the President.

Mr. President, if the situation were not so serious, I would suggest that before we do that we should create some crowns for these new kings. To the President we ought to give a crown of gold. The distinguished Secretary of the Treasury perhaps will be satisfied with one of silver. For the distinguished Secretary of Agriculture we might make one of cotton. In doing this we ought not to forget the "brain trust." I suggest to the Senator from Pennsylvania that we take some of the greenbacks and make decorations out of them and present them to these advisers of the President, these professors of the Nation, giving them these decorations in memory of what they have done to eliminate Congress from further use for all time to come.

Mr. President, before I close I want to read into the RECORD an editorial. So far as I can recall, William Randolph Hearst has never written an editorial with which I thoroughly agreed before, but I want to read this one because I admire the stand he has taken. We all know what influence he had in the nomination of President Roosevelt. We all know what influence he had in his election. I congratulate him upon having the courage at this time—I am sorry he did not have it a few days ago—to write this editorial so that the poor people of the Nation, for whom he is always fighting and who read his papers, may look and as they run may read what he says with respect to this miserable, insane bill that is presented here, and which we

on this side of the Chamber, regardless of what we think about it, know in the end we have to swallow. The editorial is as follows:

#### A SUPINE CONGRESS

TO THE EDITOR OF THE WASHINGTON HERALD:

I think we should have a series of editorials insisting that Congress resign and allow the people to elect a Congress which has the capacity and the disposition to perform its functions under the Constitution.

The people admire Mr. Roosevelt very much, but they admire him as a President, not as a dictator.

Congress is going contrary to the registered vote of the people, and contrary to the spirit of the Constitution, and contrary to the purposes of the founders of this republican form of government when it shirks its own duties, abandons its functions, and turns over its powers to the President.

Mr. Roosevelt is a good President, and he might not abuse these powers; but the wisdom of the founders contemplated the possibility of a bad President, who would misuse powers which were too largely entrusted to him.

They created a government of three coequal branches: the executive branch, the legislative branch, and the judicial branch.

They defined the powers of each, and they took pains to see that one branch should not encroach upon the powers of another.

There is nothing in the character of the present Congress to lead anyone to suppose that they have more wisdom than the founders of this Government.

In fact, the abandonment of the powers of Congress, who are the most direct representatives of the people, is not based on any worthy motive.

It is due in the main to cowardice as well as incompetence. If there is anything to be done which obviously ought to be done in the interests of the whole country, but which nevertheless might jeopardize the seat of some Congressman, these Congressmen can almost certainly be found regarding the situation from the point of view of their own interests and not from the point of view of the Nation's interests.

Consequently, these Congressmen decline to do the rightful thing and prefer instead to turn the powers of Congress over to the President, with the purpose of letting him do it and take the consequences.

A Congress of such cowardly and incompetent character is unworthy to represent the people of the United States.

It is willing, in order to save itself some onerous obligations, to try to make a dictator out of the Executive, to upset the balance of the coequal branches of government which the fathers of the Republic provided for in the Constitution of the Nation, and to establish evil precedents which may return to plague us, and possibly to destroy the democratic character of our Government, if at some future time a less worthy and less unselfish Executive should occupy the Presidential chair.

We have, in fact, the singular spectacle and the disturbing situation of a Democratic Congress which does not believe in democracy, and which furthermore does not apparently believe in the fundamental principles of republican government on which this Nation is founded.

It is idle to hope that this Congress will resign; but an amendment to the Constitution should be offered which would enable the voters to recall Congressmen who are incapable of performing properly and constitutionally the duties of their office.

WILLIAM RANDOLPH HEARST.

Mr. FLETCHER. Mr. President, I shall be very brief in the remarks I am about to make. I particularly want to bring to the attention of the Senate not merely some theories on the subject of inflation and the subject of depreciated currency but to show, if I may, some actual experiences which have been taking place throughout the world in the last 2 years.

It is not a question of what effect this procedure may have. It is a question of what has been the experience of the various countries for the past 2 years. I should like to point out that there seems to be considerable confusion on the subject of going off the gold standard and on the subject of what inflation means, what deflation means, what reflation means, what "controlled currency" means, what the gold standard means, what the silver standard means. I do not wonder there is confusion about it, because people generally have not devoted very much attention to the subject. It is more or less complicated. In order to understand the monetary problem or the currency question one would have to devote a great deal of time and study and concentration to it. We cannot understand it by a casual discussion here and there. It would take a great deal of time to go into the science of the whole question, and I shall not venture into it at this time.

Generally speaking, the people have not given it a great deal of attention and they do not understand it. Very few people understand it. I think some of the classical econo-



mists, the conservative economists, the progressive economists, the economists of all varieties, and the experts of all varieties, indulge in a great deal of theory when as a practical matter they do not really grasp the whole problem. It is confusing to read what they have to say about it.

The question, of course, is a very important one. As the Senator from Oklahoma [Mr. THOMAS] said the other day, there is no matter of more importance that has confronted the Senate or the country than the question now before us. What is money? What is currency, gold, silver? What is money? We have a general idea about it, but we rarely ever fully appreciate the importance of money.

Recently I read a very interesting pamphlet on the subject of money by Lord Desborough. It is quite an interesting pamphlet. He shows the significance of that question—what is money and how does money measure value? This is the situation in which we find ourselves, as quite well expressed by him:

The world is admittedly suffering from a catastrophic fall in the level of commodity prices, followed by contraction of credit, wide-spread bank failures, financial crashes, state defaults, and repudiation of debts, which have diminished the available money of the world and caused serious economists to state in an official document (see the Report of the Gold Delegation of the Financial Committee of the League of Nations, June 1932) that it is doubtful if this process continues whether our present civilization can survive.

What is wanted is a stable measure of value for the whole world, East as well as West, which can be secured by having one standard founded on the two precious metals linked together by a ratio.

His thesis is that the money for the world ought to be upon the metallic basis of gold and silver on a ratio settled by agreement among the nations of the world, at least among the important nations. I do not need to go further into that question. That is foreign to my thought now—whether we ought to have the gold standard or the silver standard, or both gold and silver, or whether we ought to have any metallic standard at all. We can get along perhaps with a standard that does not involve either metal.

I submit that if Senators will read the argument presented by Lord Desborough, they will be strongly convinced that he makes out a splendid argument for the bimetallic standard of both gold and silver, holding that there is not sufficient money in the world to supply the needs and requirements of world business, and that there is need of both gold and silver as a standard. Someone has suggested half of each, on a ratio, however, which may be agreed upon, not fixed arbitrarily by one nation.

Lord Desborough says further in his discussion here, emphasizing the situation and the needs:

Money, we are told, among other things, is a measure of value and a medium of exchange. How does money measure value? That is the most important point.

And then he proceeds:

Aristotle, who lived in the fourth century before our era, showed this insight when he said, "Money, then, has been made by agreement, as it were, a substitute for demand, and is so called because it exists, not by nature but by law, and it is within our power to change it and make it useless for the purpose. But money itself is not always of the same value."

Undoubtedly Aristotle laid down some very sound views about 400 B.C. when he set up these principles: First, that money exists by law and not by nature; second, that money derives its power not from the mis-called intrinsic value of the substance of which it is made but from the law, which can give or take away that power; and, third, that money is not always of the same value.

A great writer has compared the operation of money upon society to the circulation of the blood in the human body, and yet another has declared that without money organized society was inconceivable. \* \* \* The historian Allison does not hesitate to attribute the two greatest events in the history of mankind—the fall of the Roman Empire and the resurrection of mankind from the disintegration of society which is known as the Dark Ages—as directly due to monetary causes. The Roman Empire fell because it was bankrupt, owing to the decline in the produce of the gold and silver mines of Spain and Greece and

elsewhere. Her home agriculture ceased, as it no longer paid to till the ground, and her hardy agricultural population had been driven from the soil to swell the needy rabble of Rome; Italy was a husk through which the invader marched almost without opposition, and the Empire being bankrupt could no longer put armies in the field. Following the fall of the Roman Empire we have the Dark Ages, when money practically disappeared.

I need not dwell any longer upon that subject to indicate the importance of solving this question of a proper monetary policy.

In elaborating on his views, Lord Desborough cites John S. Mill, who says:

The value of money—other things being the same—varies inversely as its quantity, every increase of quantity lowering the value, and every diminution raising it in a ratio exactly equivalent.

In other words, he developed a quantitative theory of money. It may be summed up in the words of Professor Nicholson, namely, that it is admitted by every economist of repute. Those who indulge in that view went so far as to hold that the essence of money is quantity and limitation.

In considering money as a measure of value we are brought face to face with the fact that its essence consists in its numerical relation to the commodities and services which it measures. The value of each unit depends upon the number of units which are out; in short, the unit of money is all money.

Money \* \* \* is a creation of the law, which can make it and unmake it, and it is not always of the same value, and, as was laid down by the jurisconsult Paulus, it derives its power not from its substance but from its quantity.

Those are views that are set forth very strongly in this pamphlet, and I submit that they are quite impressive.

At page 16 the author says:

I am now considering metallic money, the money made of the two precious metals, gold and silver, gold for the West and silver for the East, on which there has been raised a great volume of credit on a very insecure basis. There never was enough gold to pay debts in gold or to carry on the business of gold standard countries; indeed, if all the monetary gold in the world were collected, it would only pay about one third of our national debt.

There was some discussion here the other day with regard to paying our bonds that are payable in gold and gold certificates with gold upon demand, and all that sort of thing; and because the Senator from Nevada [Mr. PITTMAN] said that there was not enough gold in our possession to pay off all the obligations of the Government that are payable in gold, the Senator from Pennsylvania [Mr. REED] raised a great disturbance about it and was wondering if the Senator from Nevada meant to contend that we had to repudiate our obligations. Not at all. What the Senator from Nevada said then was precisely what Lord Desborough says here:

If all the monetary gold in the world were collected, it would only pay about one third of our national debt.

In other words, we have about \$4,300,000,000 of gold in our possession, with \$21,000,000,000 of bonds payable in gold. Of course, if all the millions of bondholders from all over the world mobilized and marched in solid phalanx to the Treasury at the same hour of the same day they could not all get the gold for their bonds; but everybody knows that that never would happen in the world. It would be utterly impossible to get all the bondholders and gold-certificate holders together at the same time and have them call upon the Treasury on the same day for their money in gold. As a matter of fact, we know that the bonds themselves are payable in different years, 20 years apart, and all that sort of thing. So that while we have not in our possession enough gold to pay all our obligations in gold at one time, neither will we ever be called upon to perform such an act as that. It is utterly out of the question. We will take care of our obligations in good faith, every one of them, and pay them in gold.

It is estimated that \$4,000,000,000 of actual gold would justify the issuing of obligations of over \$20,000,000,000 and be on perfectly safe ground. All wise economists admit that, and all kinds of economists that I ever heard of. So that we are not in danger of repudiating any obligation. There is no call for any such thing as that. We are in a sound



position in every respect and could issue five times more bonds and gold certificates than we have the gold on hand to meet now. So that that is just what is stated here.

This author goes on further to say:

The pyramid of credit reared on the narrow gold basis has toppled over, and, for various reasons has collapsed. Bank failures all over the world, defaults of governments, nonpayment of dividends, financial crashes of great speculative concerns, following on the fall in prices, have reduced the composite money of the world and impeded the velocity of its circulation, and so reduced its effective power.

He is here advocating the use of silver, together with gold, as a basis of currency.

What is wanted—

He says—and this, I think, is absolutely sound—

is a stable monetary measure of value, not indeed to stabilize prices at their present level, which the MacMillan report said would be disastrous, but at the level of 1928—

The talk here is about stabilizing prices at the level of 1926. I think perhaps that would be a sounder basis—the wholesale commodity price index of 1926.

and to keep them at that level. Objections are raised to what is called a "manipulated currency"—

And so forth. He says:

That some remedy must be found and found soon is, I think, very generally admitted, and a grave warning is to be found in the note to the Report of the Gold Delegation of the Financial Committee of the League of Nations, June 1932. It is signed by M. Albert Janssen, Sir Reginald Mant, and Sir Henry Strakosch, and concludes with these words:

"It may be truly said that international trade is being gradually strangled to death; if the process continues, millions of people in this economically interlocked world must inevitably die of starvation, and it is indeed doubtful whether our present civilization can survive."

That shows the importance of the question we are dealing with now; and it is the view of thoughtful men speaking seriously not only to their own body but to the world. That is the situation in which we find ourselves.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Maryland.

Mr. TYDINGS. I agree that that is the situation. Does not the Senator feel that we will achieve the aim which these gentlemen inferentially think we should try to achieve by not devaluing our money and going into the very spiral which they warn us not to enter upon?

Mr. FLETCHER. I think it is very important, I will say to the Senator, that we reach some international agreement with reference to the basis of the currencies of the world. I think it is very important to do that. If we have to wait too long for that—if that is not possible or feasible—then each country must act for itself, just as they have been doing.

Mr. TYDINGS. May I borrow the Senator's pamphlet for just a minute, at the point where the Senator was reading?

Mr. FLETCHER. Yes.

Mr. TYDINGS. Let me read this, and show what this will mean:

It may be truly said that international trade is being gradually strangled to death; if the process continues, millions of people in this economically interlocked world must inevitably die of starvation, and it is indeed doubtful whether our present civilization can survive.

I think that is 100 percent true; and what I wanted to observe was that if we adopt the policy incorporated in this amendment we are doing the very thing which the pamphlet the Senator has in his hand says should not be done.

Mr. FLETCHER. I do not quite agree that the premises stated call for the conclusion that is reached. It is, of course, a question about which people may differ as to what our policies are leading to, and what the conditions will be if we adopt this particular policy, or what they will be if we do not adopt it. It is very difficult to say; but in a few minutes I am going to cite some actual examples of what has been done in other countries, and with what effect.

Mr. BARKLEY. Mr. President—

Mr. FLETCHER. I yield to the Senator from Kentucky.

Mr. BARKLEY. As I recall, the distinguished British author of that pamphlet finally comes to the conclusion that the remonetization of silver is the solution of the problem which he discusses.

Mr. FLETCHER. Yes. He believes in both silver and gold being the metallic basis of currency.

Mr. BARKLEY. And he suggests international agreements.

Mr. FLETCHER. Yes.

Mr. BARKLEY. As a matter of fact, in 1890, I think, the Congress of the United States authorized the President to enter into international agreements for the stabilization of coined money by the remonetization of silver. Of course, nothing came of that; but it was because of that that in 1896, in the famous Bryan-McKinley campaign, Mr. Bryan took the position, without regard to anybody else's consent, or any agreement, that our country ought to enter upon that policy, and it was largely in view of the fact that for 6 years the President had had the authority and it had not been exercised.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. BYRNES in the chair). Does the Senator from Florida yield to the Senator from Maryland?

Mr. FLETCHER. I yield.

Mr. TYDINGS. One reason why I have not supported the 16-to-1 silver proposal, although I recognize that sooner or later nations must buy up silver in order to stabilize silver money, is the fact that if we set that ratio, silver countries would be tempted to melt up their remaining silver coin and dump it in the United States for sale. Our Government would be called upon to buy all the dumped silver money in the world, now amounting to about four and a half billion dollars, in order to keep our ratio of 16 to 1.

If the Senator will permit me to go on for just a moment more in his time—I do feel, however, that if we can effect, in the coming world conference, through international agreement, a situation where nations will state that silver will not be dumped in the future, then we will be in a position to stabilize silver, which we cannot do very well in the absence of such an agreement.

There have been 541,000,000 ounces of silver money melted up and sold on the silver markets of the world since 1920. If we had a 16-to-1 standard in this country, we would have to buy in exactly that quantity of silver from the other countries of the world in order to stabilize silver and gold in the United States, because it would seek the highest market for a place of sale.

Mr. FLETCHER. Mr. President, I trust the Senator will not entice me off onto the silver question. I do not want to get into that discussion now. I want to hurry on and make just a few points with reference to the matter before us, referring to the position taken by this author. He says:

Owing to the increase of trade and population the stock of gold is quite insufficient at the present time to form the basis of the great volume of credit on which the business of the world has to be carried on. More legal-tender money is required to stop the catastrophic fall in commodity prices; confidence is not enough; the more confidence you have when prices are falling the more money you lose. Deflation should be cured by reflation, and a return to the old bimetallic system of one money founded on the two metals, linked together by a ratio, would seem to provide the best method of reflation where a metallic basis is required for a currency.

That is the argument he makes. He says further:

The ideal solution would be an agreement between the leading countries of the world to establish an identical ratio, but the British Empire with India and the countries on sterling might well be able to establish and maintain a ratio. . . .

Faced as we are by the most deplorable conditions of general bankruptcy, not only of individuals but of States which cannot meet their obligations, of unremunerative trade, of unemployment, and of crushing taxation, it is our duty to study the causes and if possible find a remedy.

While our friends on the other side criticize what is proposed here and undertake to tear the whole plan to pieces and ridicule it, they do not offer anything themselves. There is not a constructive suggestion they can make.



What are we going to do about this situation? That is the problem. We must do something. All thinking people admit that the present conditions are intolerable and that we have to do something. This author says further:

The chief cause seems to be admitted to be the great drop in the price of staple commodities.

I think that is true. What are we going to do to raise the prices of commodities? Are we just to wait and let ourselves drift until we are supposed to strike bottom permanently and then hope to recover from that condition? Something ought to be done about it. This author continues:

This is not due to overproduction, as can be shown in the figures of production of such leading commodities as wheat, copper, silver, and cotton, the production of which has fallen off rather than increased during the last 3 years. So, if there is any truth in the quantitative theory of money, the crisis may well be a — one and the cause of our misfortune be not the overproduction of commodities but the underproduction of money.

This may be cured in various ways, and in the present circumstances the reflation of silver to its old place in the monetary system would seem to be the sound one.

As I have said, we cannot afford to just say we are going to let things take their course and expect that things will eventually wear themselves out and the country come back. Some effort ought to be made to relieve the situation, and the rise in commodity prices is conceded by economists and other thinking people all over the world as the essential thing to be reached now.

There is considerable confusion about the question of going off the gold standard. I read now from a pamphlet entitled "How to Restore Values", by Ambrose W. Benkert, in collaboration with Earl Harding. I do not know these gentlemen personally, but I have read their pamphlet, and I think it is well written. It is logical and clear, and they certainly have shown by what they have furnished here that they have been studying this subject. They say, at page 21, under the heading "Currency Depreciation":

This procedure demands that the value of the circulating medium—in our country the dollar—shall be brought below parity with gold. This cannot be accomplished as long as it is possible, on demand, to exchange currency for gold, dollar for dollar. It requires a suspension of specie payment, or, as it is popularly called, "going off the gold basis", or "abandoning the gold standard."

"Going off gold" is a misnomer, inasmuch as the Government does not abandon the use of gold as a metallic reserve or as a foundation for its currency system; nor does suspension of specie payment affect the use of gold for settlement of international balances.

I think it is well to keep in mind, and it is quite understood, when people talk about abandoning the gold standard, going off gold, and so forth, that they think gold is absolutely discarded. We are still on the gold base and gold is the foundation of our currency. It must be used in all international settlements.

I was going to speak about the subject of what some call inflation, but it may be called expansion, it may be called depreciation of the gold dollar.

The primary objection to any arbitrary and immediate reduction of the gold content of the dollar arises from the impossibility of determining in advance what amount of depreciation is necessary to restore fair price levels.

That, I think, is true.

Since the war many important nations have reduced the weight of gold in their monetary units, but in no case was it done until actual depreciation of the currency had taken place following the country's abandonment of the gold standard and not until such depreciation had restored relatively fair price levels within the country. Revaluation of the currency in terms of gold was then based upon the generally accepted sound ratio between the volume of currency and the amount of the country's gold reserves. In France, under this procedure, the weight of gold in the franc was reduced by four fifths; in Italy, in the lira, by three fourths.

While approximately 30 other nations are off the gold standard at present and the currency in each has depreciated, none of them has redefined the gold content of its monetary unit. In the experience of these nations, and not in the realm of theory, lies the answers to the questions:

1. What effect does currency depreciation have upon domestic price levels and prosperity?
2. How can depreciation be best accomplished?

We have observed the operation of currency depreciation during years of recurring and prolonged visits in 16 foreign countries, including all the leading nations of Europe and South America.

I am reading from page 23:

Opponents of currency depreciation usually cite as a warning example of what happened in Germany.

We have heard repeated here over and over again the alarming results experienced in Germany. Quite a dramatic performance was furnished us when the Senator from Michigan offered the Senator from Pennsylvania a hundred billion German marks and the Senator from Pennsylvania generously exchanged for them 10,000 Russian rubles. Of course these currencies all go to smash. Take Russia, for instance. What were the conditions there, and what are they now, for that matter? There has been one revolution after another and no stable government. We could not expect any kind of currency to last. The ruble took a tailspin and a crash.

As to Germany, quite a different situation existed, and still the circumstances were most extraordinary. Right at the close of the terrible war property values went down to the very bottom.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. FLETCHER. Certainly.

Mr. REED. The Senator is Chairman of the Committee on Banking and Currency, and is an expert on this subject. I wonder whether the Senator would be willing to give us an illustration or a definition of the term "unsound money." What kind of currency would the Senator consider to be unsound?

Mr. FLETCHER. That is rather a large order.

Mr. REED. Would the Senator consider the greenbacks issued during the Civil War to be unsound currency?

Mr. FLETCHER. I can say this with reference to the greenbacks they were issued in order to help prosecute the war. They served their purpose, and they were being redeemed. The Budget of the country was balanced, and then Congress placed greenbacks on a parity with gold. There never has been any trouble about the greenbacks. They are just as good money as we have anywhere.

Mr. REED. They sold down to 35 cents on the dollar.

Mr. FLETCHER. Liberty bonds sold down to 80, but now they are worth 102.

Mr. REED. The question is, Are greenbacks sound money, or unsound?

Mr. FLETCHER. The greenbacks today are perfectly sound money, absolutely sound, and have always been sound, in my judgment.

Mr. REED. Were the greenbacks of the Civil War sound money?

Mr. FLETCHER. I think they were. They had back of them the assets of the Nation. They never failed anybody at any time. They were being redeemed. There was no reserve back of them, but they were being redeemed in regular order when they were put upon a gold basis.

Mr. REED. Then the greenbacks are sound money. Does the Senator consider the unlimited coinage of silver to be a movement in the direction of sound money?

Mr. FLETCHER. I would not say unlimited coinage. I would not say unlimited issues of any kind of money.

Mr. REED. Then the Senator would not consider the Wheeler amendment a compliance with the Democratic pledge to maintain sound money at all hazards, would he?

Mr. FLETCHER. I do not know just how far the Wheeler amendment goes.

Mr. REED. The Wheeler amendment expressly provides for the unlimited coinage of silver.

Mr. FLETCHER. I think that is rather risky.

Mr. REED. That is hardly a compliance with the Democratic pledge, is it?

Mr. FLETCHER. I should not like to say that there ought to be unlimited issues of any kind.

Mr. REED. I am very glad the Senator has given us his opinion on that point. Does the Senator consider it is a



move in the direction of sound money to cut the gold content of the dollar in half?

Mr. FLETCHER. That depends on circumstances. It might be perfectly sound for domestic purposes, for instance, internally, and might not be sound externally.

Mr. REED. Then, that depends on circumstances?

Mr. FLETCHER. Yes.

Mr. REED. Does the Senator consider that to pay off our Liberty bonds in gold of a new and different standard of value is a compliance with our pledge to pay in gold of the present standard of value?

Mr. FLETCHER. I should not think so, unless everything else is put on the same gold basis, not only here but everywhere throughout the world.

Mr. REED. Every one of our outstanding bonds has in it the promise to pay in gold dollars of the standard of value at the time those bonds were issued. Does the Senator regard it as an honest thing to do, to pay in gold dollars of only half that standard?

Mr. FLETCHER. The Senator is now asking me something that is entirely supposititious. I do not think anybody contemplates that.

Mr. REED. The Senator from Nevada [Mr. PITTMAN] contemplates it. He said so on Friday.

Mr. FLETCHER. He said that we did not now have in our possession enough gold to redeem all the obligations of the Government which are payable in gold.

Mr. REED. Oh, he went beyond that; he said he did not expect that we would pay the Liberty bonds in gold dollars of the present standard of value. He said we would not comply with our promise.

Mr. FLETCHER. I do not think the Senator from Pennsylvania quite understood him in that regard.

Mr. REED. I am quoting him fairly. I was so shocked that I asked him to repeat his statement, and he did so.

Mr. FLETCHER. I thought he just said what Judge Farwell said in England, that we did not have one third enough gold to pay our gold obligations.

Mr. REED. That was true at the time we issued the bonds. We issued more bonds than there was gold in all the world.

Mr. FLETCHER. Absolutely.

Mr. REED. But until last week it was never suggested that we were not going to perform our promise to pay in gold.

Mr. FLETCHER. I heard the very able speech of the Senator from Nevada and I did not get that impression from it. I do not agree with that expression. I think we ought to pay just as we agreed to pay.

Mr. REED. I respect the Senator for that sentiment.

Mr. FLETCHER. I feel that way, but the Senator is taking me away from my line of thought. I was going to speak about Germany.

The money was progressively depreciated by a series of ever-increasing issues of currency until it finally became worthless. What started these emissions of currency and caused their continuance?

In the first instance, after the World War, the issuance of more currency was made necessary by the demands of the Allies for delivery of reparations "in kind." For example: A demand was made for delivery of 100,000 cows. The German Government was forced to find money with which to buy them from its own citizens. This was obtained by the issuance of Government Treasury notes which were discounted at the Reichsbank in the same way as our Federal Reserve bank discounts or buys United States Treasury bills. This operation, of course, expanded the German currency, but a tax was promptly levied to retire the Government's notes and automatically contract the currency issued against them.

Before this tax was collected Allies demanded delivery of a tremendous tonnage of coal. The German Government was compelled to repeat the same operation as with the cows. These demands for deliveries "in kind" continued until the value of the currency of Germany was wrecked.

Somewhat similar developments occurred in Austria and Hungary, but they did not lead to the extremes reached in Germany, because the demands were relatively less.

Those were extraordinary conditions and the explanation of why German currency finally became valueless is that the demands of the Allies were such that it was an utter impos-

sibility to comply with them without flooding the country with paper issues.

Since 1929 there have been some illuminating examples applicable to our own condition, which are found in those countries which have depreciated their currencies during the existing economic crisis.

Argentina: Gold payments were suspended on December 16, 1929.

That was quite a little time ago, and they have had time enough to find out what it means.

At that time the Argentine currency was backed by a gold reserve of approximately 78 percent. Abandonment of the gold standard was deliberate, in order to depreciate the currency and raise internal price levels of Argentina's principal products, wheat, wool, meat, etc., in terms of Argentine pesos, to a fairer level with taxes, debt burden, and other inflexible items.

I think these are very pertinent examples and we ought to learn something from the lessons they afford.

There has been no expansion or inflation of currency. The gold reserves have been reduced to approximately 45 percent coverage for the currency, due to the necessity for making large payments abroad for interest and principal of external debts. The balance of trade, while increasingly favorable, has not been sufficient to create the amount of foreign exchange necessary to meet these debt services.

The peso has depreciated approximately 50 percent in terms of gold, but it has been maintained at that ratio for more than a year and a half. In consequence, the Argentine producer of wheat, for example, is receiving twice as many pesos for his wheat as he would be receiving were the peso linked to gold; but his peso has lost none of its value in paying taxes, interest, freight charges, etc. The wave of bankruptcies, foreclosures, evictions, and other deflationary disasters which has overtaken us has not engulfed them. Further depreciation of the peso could undoubtedly be brought about, if desired, by increasing or inflating the currency; but this is entirely under control of the Argentine Government.

That is an important lesson.

Australia: So long as the currency was linked to the British pound sterling and Great Britain remained on the gold standard, Australia was suffering the deflationary ills which characterize our present situation. Ranch mortgages were being foreclosed; bankruptcy was rampant and property generally was being handed over to creditors. The Government budget was unbalanced, trade was demoralized, and the state of mind bordered on fear and panic.

With abandonment of the gold standard by Great Britain, the Australian pound followed suit and has since been depreciated still further than the British pound. Since "going off gold" the Federal Government of Australia not only has balanced its budget but enjoys a surplus; trade has revived; the Government's credit abroad has been improved, and the internal price level fairly well ironed out.

Recent visitors to Australia with whom we have discussed developments state that the country is buoyantly optimistic and has undergone a revolution in sentiment and feeling. The amount of depreciation of the currency is under effective control by the Government.

Now take Canada—

Unofficially Canada went off the gold basis over a year ago. None of the woeful consequences predicted for our own country, should we abandon gold, has taken place in Canada. There is a growing conviction there that the depreciation of Canadian currency, which recently approximated 20 percent, should be carried much farther so as to restore a more balanced equation in Canada between the flexible and inflexible items.

Take Great Britain—

Specie payment was suspended by Great Britain in September 1931. The currency has depreciated approximately one third in terms of gold. Generally speaking, the amount of depreciation has been under continuous and effective control by the Government. There has been no inflation of the currency.

Commodity and raw material prices within the country have resisted the downward trend of gold prices abroad, and in some items have risen. The price level in general has acted consistently with the theory of currency depreciation. Leading bankers and officials of the British Government are opposed to resuming the gold standard and are mainly concerned with holding down the price level of the currency so as to continue to assist foreign trade and effectuate stabilization of the internal price level.

These authorities say—

During the first 9 months of 1932 the steel production of the United Kingdom had increased by 1.8 percent over the corresponding period in 1931, whereas it had declined by 38 percent in Germany, 32 percent in France, and 50 percent in America.

Sweden: The gold standard was abandoned, and Sweden created a scientifically managed currency which is operating with admirable results and is enthusiastically acclaimed by the population.



Japan: After abandonment of the gold standard, Japan experienced internal prosperity, a cessation of farm foreclosures, and an increase in foreign trade. One of the leading parties in the Diet deliberately adopted the policy of further depreciating the yen to a point where the internal price level would represent a balance fair to all.

#### EFFECTS OF CURRENCY DEPRECIATION

Advocates of currency depreciation are also vitally concerned with the restoration of property and securities values which have been impaired or destroyed by the deflationary process.

They point out that such price recovery follows automatically the reestablishment of business and prosperity incident to the raising of the flexible items to balance with the inflexibles. Thus property and securities values tend to return to the level which existed before the deflation began.

We must concede, for it is recognized everywhere, that—

The credit of such Governments as Canada, Argentina, Australia, and Great Britain, now functioning with depreciated currencies, has not been destroyed; to the contrary, it has been improved internally and externally. Their banks and insurance companies, as well as individual holders of fixed interest-bearing obligations, have not suffered the disasters which have been inflicted upon our institutions and individuals through adherence to the policy of deflation. Currency depreciation has restored solvency to individuals and soundness to fiduciary institutions. Internal obligations in such countries are selling at normal levels.

There is not any doubt that, as this summary of the experience of other nations indicates, the only feasible solution is the suspension of specie payments—and that we have done—and an adequate depreciation of currency if the evils of continued deflation are to be avoided.

Experience has shown that suspension of specie payment—that is, abandonment of the gold standard—leads to a depreciation of the currency.

If mere "going off gold" does not produce the desired degree of depreciation—

These authorities say—

It should be brought about to the required extent by an expansion of the currency under strict Government control.

One of the best methods for Government control is through the operation of the Federal Reserve bank in the Government securities market.

And that is provided for by the pending amendment—

Currency or credit, or both, can be expanded by buying Government securities—

That is also provided for by the amendment—and contracted by selling them.

And there is not any question that that is perfectly sound. These authors, in discussing this subject, further say at page 30:

A monetary system so controlled is known as a "managed currency" system. The advocates of a "managed currency" recognize that it is impossible to maintain a specific price relationship for each particular commodity; they are concerned with maintaining a stable relationship between the average of commodity prices and the prices of the inflexible items, such as taxes and debt burden.

For the past 30 years the United States Bureau of Labor has recorded the wholesale prices of all important commodities, comprising currently 784 items. It has scientifically adjusted the importance of each commodity to economic life and, on the basis of such adjustments, has arrived at a true average price, which is known as "the Labor Bureau's price index." As of March 11, 1933, this index stood at 60.2, based on average prices for 1926 equaling 100—that is, the average wholesale prices were 60.2 percent of the average prices of 1926. This commodity price index measures the general level of prices of commodities and affords a scientific basis for establishing and maintaining a stable and fair ratio between the flexible and inflexible items of the economic equation.

The advocates of a "managed currency" would make the maintenance of such a fair price ratio mandatory through appropriate legislation.

The dollar, they argue, has to be rubber either as to weight or as to value. It cannot have a fixed weight and also a fixed value. A scientific money is one with a constant buying power for all commodities rather than a fixed weight of one commodity (gold). Our whole tax and debt structure rests on commodity prices. If this structure is to be kept sound, either for the creditor or the debtor, it is commodity prices that need to be kept stable, not the weight of gold for which a dollar will exchange.

A solution of the problem of immediate unemployment relief transcends the power of private initiative or municipal and State programs. It calls for prompt Federal action.

Permanent solution of the problem of unemployment rests not only on the maintenance of fair price levels but also, in the opinion of many, will require coordinate action by the Federal Government to control scientifically the hours of labor and the increase of productive capacity, as well as social insurance to meet the increasing unemployment dislocations of the machine age.

These are collateral problems for which intelligent social planning must find solutions. They lie outside the scope of this discussion.

Putting first things first, the maladjustment of price levels is of primary importance and should be the first point of attack.

This amendment would enable us to do that.

Mr. President, I shall not detain the Senate longer. I have a number of telegrams and letters from various portions of the country. I am going to venture to read one from Tampa, Fla., as follows:

TAMPA, FLA., April 22, 1933.

Senator DUNCAN U. FLETCHER,

Washington, D.C.:

Strong sentiment here favors immediate but controlled inflation and grant of power to regulate gold content of dollar. Arm President with power to negotiate international agreement for more ample medium of exchange and stop disastrous struggle among nations for gold. Hope aroused by recent events and if disappointed, conditions will be much worse than formerly.

R. H. LIGGETT.

E. P. TALIAFERRO.

R. A. LIGGETT.

These gentlemen are prominent business men and bankers of Tampa. That is the kind of expression I am receiving on the subject. I think it is encouraging. I believe the people have absolute faith in the accomplishment of the President if we put this power in his hands.

Mr. ROBINSON of Arkansas. Mr. President, may I have the attention of the Senator from Oregon [Mr. McNARY]? Some days ago it was announced by the Senator from Pennsylvania [Mr. REED] that in his opinion a vote could be reached on the pending amendment not later than Wednesday, which is tomorrow. I am going to ask unanimous consent that after the hour of 4 o'clock tomorrow debate be limited on the bill now before the Senate so that no Senator shall speak more than once or longer than 15 minutes on the bill or any amendment or motion that may be pending or offered or made with reference thereto.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I share the view of the Senator from Pennsylvania that a vote may be had tomorrow on the so-called "inflation amendment." I am advised by two Members on this side of the aisle, who are now absent on account of public business, that they would oppose and have asked me to oppose any consent agreement at this time for a limitation of debate.

I am as anxious as the able leader of the majority for a vote upon the amendment and also upon the bill. I want to cooperate with him to that extent. However, I realize the necessity of open debate, unlimited by any agreement of this kind. I know only of three other Senators on this side of the aisle who desire to discuss the amendment; but until the discussion proceeds tomorrow, and until those Members may have opportunity fully and freely to express themselves, I must at this time object to the request for unanimous consent submitted by the Senator from Arkansas.

The PRESIDING OFFICER. Objection is made.

Mr. FLETCHER. Mr. President, I desire to enter notice of a motion to reconsider the vote taken on last Saturday by which what is known as the "Wagner amendment" was agreed to and the vote by which the amendment known as the "Shipstead amendment" to the amendment of the Senator from New York [Mr. WAGNER] was agreed to. I merely desire to enter notice of that motion now.

The PRESIDING OFFICER. The notice of the motion will be entered.

Mr. CONNALLY. Mr. President, I should like to secure recognition so as to be able to speak tomorrow upon the convening of the Senate.

The PRESIDING OFFICER. The Senator from Texas is recognized.



Mr. CONNALLY. I yield now to the Senator from Arkansas.

#### EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to consider executive business.

#### REPORT OF COMMITTEE ON NAVAL AFFAIRS

The PRESIDING OFFICER. Reports of committees are in order.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nomination of Capt. Ernest J. King to be Chief of the Bureau of Aeronautics, in the Department of the Navy, with the rank of rear admiral, for a term of 4 years, which was ordered to be placed on the calendar.

#### GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

The legislative clerk announced Executive C, Seventy-second Congress, second session, a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

#### TREATY WITH MEXICO—RECTIFICATION OF THE RIO GRANDE

The legislative clerk read Executive E, Seventy-second Congress, second session, a convention between the United States of America and the United Mexican States for the rectification of the Rio Grande in the El Paso-Juarez Valley, signed at Mexico City on February 1, 1933.

Mr. McNARY. That may go over.

Mr. CONNALLY. Mr. President, was objection made to the ratification of the treaty?

The PRESIDING OFFICER. Objection was made.

Mr. McNARY. I objected in the absence of the ranking minority member of the Committee on Foreign Relations, the Senator from Idaho [Mr. BORAH]. I think in his absence no action should be taken upon the treaty.

Mr. CONNALLY. Let me say that we are very anxious to have the treaty ratified. It has been unanimously reported by the committee. If I had known that we were going to have an executive session, I would have communicated with the Senator from Idaho.

Mr. REED. Mr. President, I happen to be a member of that committee. So far as I know, no member of the Foreign Relations Committee is opposed to the ratification of the treaty.

Mr. McNARY. In view of that statement, the Senator from Pennsylvania being a member of the committee, I withdraw my objection.

Mr. REED. It is within the power of any Senator to move for reconsideration in case my statement should be incorrect.

Mr. ROBINSON of Arkansas. I may add to what has been said by the Senator from Pennsylvania that the Senator from Idaho [Mr. BORAH] was present when the treaty was ordered to be reported, and indicated his acquiescence.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the treaty, which had been reported from the Committee on Foreign Relations with an amendment.

The amendment was, in the last line of article V, to strike out "November" and in lieu thereof to insert "March", so as to make the treaty read:

#### CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED MEXICAN STATES FOR THE RECTIFICATION OF THE RIO GRANDE (RIO BRAVO DEL NORTE) IN THE EL PASO-JUAREZ VALLEY

The United States of America and the United Mexican States having taken into consideration the studies and engineering plans carried by the International Boundary Commission, and specially directed to relieve the towns and agricultural lands located within the El Paso-Juarez Valley from flood dangers, and securing at the same time the stabiliza-

tion of the international boundary line, which, owing to the present meandering nature of the river it has not been possible to hold within the mean line of its channel; and fully conscious of the great importance involved in this matter, both from a local point of view as well as from a good international understanding, have resolved to undertake, in common agreement and cooperation, the necessary works as provided in Minute 129 (dated July 31, 1930) of the International Boundary Commission, approved by the two Governments in the manner provided by treaty; and in order to give legal and final form to the project, have named as their plenipotentiaries:

The President of the United States of America, J. Reuben Clark, Jr., Ambassador Extraordinary and Plenipotentiary of the United States of America to Mexico; and

The President of the United Mexican States, Doctor José Manuel Puig Cassauranc, Secretary of State for Foreign Affairs;

Who, after having communicated their respective full powers and having found them in due and proper form, have agreed on the following articles:

#### I

The Government of the United States of America and the Government of the United Mexican States have agreed to carry out the Rio Grande rectification works provided for in Minute 129 of the International Boundary Commission and annexes thereto, approved by both Governments, in that part of the river beginning at the point of intersection of the present river channel with the located line as shown in map, exhibit No. 2 of Minute 129 of said Commission (said intersection being south of Monument 15 of the boundary polygon of Córdoba Island) and ending at Box Canyon.

The terms of this convention and of Minute 129 shall apply exclusively to river rectification within the limits above set out.

The two Governments shall study such further minutes and regulations as may be submitted by the International Boundary Commission and, finding them acceptable, shall approve same in order to carry out the material execution of the works in accordance with the terms of this Convention. The works shall be begun after this Convention becomes effective.

#### II

For the execution of the works there shall be followed the procedure outlined in the technical study of the project. The works shall be begun and shall be carried on primarily from the lower end, but at the same time and for reasons of necessity work may be carried on in the upper sections of the valley.

#### III

In consideration of the difference existing in the benefits derived by each of the contracting countries by the rectification works, the proratable cost of the works will be defrayed by both Governments in the proportion of eighty-eight per cent (88%) by the United States of America and of twelve per cent (12%) by the United Mexican States.

#### IV

The direction and inspection of the works shall be under the International Boundary Commission, each Government employing for the construction of that portion of the work it undertakes, the agency that in accordance with its administrative organization should carry on the work.

#### V

The International Boundary Commission shall survey the ground to be used as the right of way to be occupied by the rectified channel, as well as the parts to be cut from both sides of said channel. Within thirty days after a cut has been made, it shall mark the boundaries on the ground, there being a strict superficial compensation in total of the areas taken from each country. Once the corresponding maps have been prepared, the Commission shall eliminate these areas from the provisions of Article II of the Convention of November 12, 1884, in similar manner to that adopted in the Convention of March 20, 1905, for the elimination of bancos.



## VI

For the sole purpose of equalizing areas, the axis of the rectified channel shall be the international boundary line. The parcels of land that, as a result of these cuts or of merely taking the new axis of the channel as the boundary line, shall remain on the American side of the axis of the rectified channel shall be the territory and property of the United States of America, and the territory and property of the United Mexican States those on the opposite side, each Government mutually surrendering in favor of the other acquired rights over such parcels.

In the completed rectified river channel—both in its normal and constructed sections—and in any completed portion thereof, the permanent international boundary shall be the middle of the deepest channel of the river within such rectified river channel.

## VII

Lands within the rectified channel, as well as those which, upon segregation, pass from the territory of one country to that of the other, shall be acquired in full ownership by the Government in whose territory said lands are at the present time; and the lands passing as provided in Article V hereof, from one country to the other, shall pass to each Government respectively in absolute sovereignty and ownership, and without encumbrance of any kind, and without private national titles.

## VIII

The construction of works shall not confer on the contracting parties any property rights in or any jurisdiction over the territory of the other. The completed work shall constitute part of the territory and shall be the property of the country within which it lies.

Each Government shall respectively secure title, control, and jurisdiction of its half of the flood channel, from the axis of that channel to the outer edge of the acquired right of way on its own side, as this channel is described and mapped in the International Boundary Commission Minute number 129, and the maps, plans, and specifications attached thereto, which Minute, maps, plans, and specifications are attached hereto and made a part of this Convention. Each Government shall permanently retain full title, control, and jurisdiction of that part of the flood channel constructed as described, from the deepest channel of the running water in the rectified channel to the outer edge of such acquired right of way.

## IX

Construction shall be suspended upon request of either Government, if it be proved that the works are being constructed outside of the conditions herein stipulated or fixed in the approved plan.

## X

In the event there be presented private or national claims for the construction or maintenance of the rectified channel, or for causes connected with the works of rectification, each Government shall assume and adjust such claims as arise within its own territory.

## XI

The International Boundary Commission is charged hereafter with the maintenance and preservation of the rectified channel. To this end the Commission shall submit, for the approval of both Governments, the regulations that should be issued to make effective said maintenance.

## XII

Both Governments bind themselves to exempt from import duties all materials, implements, equipment, and supplies intended for the works, and passing from one country to the other.

## XIII

The present Convention is drawn up both in the English and Spanish languages.

## XIV

The present Convention shall be ratified by the High Contracting Parties in accordance with their respective laws, and the ratifications shall be exchanged in the City of Washington as soon as possible. This Convention will come into force from the date of the exchange of ratifications.

In witness whereof the Plenipotentiaries mentioned above have signed this Convention and have affixed their respective seals.

Done in duplicate at the City of Mexico this first day of February one thousand nine hundred and thirty-three.

[SEAL.]

J. REUBEN CLARK, JR.

[SEAL.]

PUIG

The amendment was agreed to.

The treaty was reported to the Senate as amended, and the amendment was concurred in.

The resolution of ratification was read, as follows:

*Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive E, Seventy-second Congress, second session, a convention between the United States of America and the United Mexican States for the rectification of the Rio Grande in the El Paso-Juarez Valley, signed at Mexico City on February 1, 1933, with the following amendment:*

*In the last line of article V strike out "November" and in place thereof insert "March."*

The PRESIDING OFFICER (Mr. BRATTON in the chair). The question is, Will the Senate advise and consent to the ratification of the treaty as amended? [Putting the question.] Two thirds of the Senators present concurring therein, the resolution of ratification is adopted and the treaty as amended is ratified.

The PRESIDING OFFICER. If there are no further reports of committees, nominations are in order.

## DEPARTMENT OF LABOR

The legislative clerk read the nomination of Daniel W. MacCormack, of New York, to be Commissioner General of Immigration.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. ROBINSON of Arkansas. Mr. President, if there is no objection, I ask that the President be notified of the confirmation of the nomination of Daniel W. MacCormack, of New York, to be Commissioner General of Immigration.

The PRESIDING OFFICER. Without objection, the President will be notified.

## DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Christian J. Peoples to be Paymaster General and Chief, Bureau of Supplies and Accounts, with the rank of rear admiral, from April 29, 1933, for a term of 4 years.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

## DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Theodore A. Walters, of Idaho, to be First Assistant Secretary, Department of the Interior.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Thomas F. Thomas, of Utah, to be registrar of the land office, Salt Lake City, Utah.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

## DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of James B. Young to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. That completes the calendar.

The Senate resumed legislative session.

## ALLEGHENY RIVER BRIDGES, PENNSYLVANIA

Mr. SHEPPARD. From the Committee on Commerce I report back favorably, without amendment, the bill (H.R. 4332) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania. I ask unanimous consent for the present consideration of the bill.



There being no objection, the bill was read, considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania, to construct, maintain, and operate a free highway bridge, and approaches thereto across the Allegheny River, at a point suitable to the interests of navigation, near the Forest-Venango county line, in Tionesta Township, Forest County, in the Commonwealth of Pennsylvania, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters" approved March 23, 1906.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. SHEPPARD. From the Committee on Commerce, I also report back favorably without amendment the bill (H.R. 4225) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was read, considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge and approaches thereto across the Allegheny River, at a point suitable to the interests of navigation, at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### RECESS

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 11 o'clock tomorrow morning.

Mr. REED. Mr. President, will not the Senator make it 12 o'clock?

Mr. ROBINSON of Arkansas. I cannot do so in view of our inability to secure an agreement to limit debate.

The motion was agreed to; and (at 5 o'clock and 27 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, April 26, 1933, at 11 o'clock a.m.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate April 25 (legislative day of Apr. 17), 1933*

##### CONSUL GENERAL

James B. Young to be consul general.

##### FIRST ASSISTANT SECRETARY OF INTERIOR

Theodore A. Walters to be First Assistant Secretary of the Interior.

##### COMMISSIONER GENERAL OF IMMIGRATION

Daniel W. MacCormack to be Commissioner General of Immigration.

##### REGISTER OF THE LAND OFFICE

Thomas F. Thomas to be register, land office, Salt Lake City, Utah.

##### PROMOTION IN THE NAVY

Christian J. Peoples to be Paymaster General and Chief, Bureau of Supplies and Accounts.

## HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 25, 1933

The House met at 12 o'clock noon.

The Reverend John Compton Ball, pastor of the Metropolitan Baptist Church, Washington, D.C., offered the following prayer:

O Thou Eternal God, we bow before Thee in recognition of Thy majesty and the wonders of Thy wisdom, the long-goings of Thy love, and we pray that Thy long-goings today may meet our shortcomings, that the union between our

souls and Thyself may be complete, and that Thou mayest have Thy way with us in all that we say or think or do. We pray that Thy blessing rest upon the President of these United States, the Senate, and especially on this House in all its deliberations. Bless our Speaker and every Member, and in these trying times when we have so much to think about, so many important decisions to make, we pray, above all, for the guidance of Thy holy spirit. In the name of Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed, without amendment, a joint resolution of the House of the following title:

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

Mr. RANKIN. Mr. Speaker, I make the point of order there is no quorum present.

I withhold the point, Mr. Speaker, for the gentleman from Texas [Mr. SUMNERS] to submit a unanimous-consent request.

#### LEAVE OF ABSENCE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that Messrs. PERKINS and BROWNING may be excused from attendance upon the sessions of the House for 2 weeks. They will be absent attending to the public business.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### CALL OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I renew my point of order that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-one Members present; not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 20]

Bankhead	Cartwright	Ford	Montague
Beck	Celler	Gambrill	Muldowney
Blanton	Christianson	Gifford	Perkins
Brand	Cravens	Glover	Peterson
Britten	Crowther	Hoeppel	Sabath
Brooks	Ditter	Hornor	Scrugham
Brown, Ky.	Dowell	Kennedy, Md.	Waldron
Browning	Duncan, Mo.	Kennedy, N.Y.	Warren
Buckbee	Eagle	Kleberg	Wood, Ga.
Burke, Calif.	Englebright	Lamneck	
Cannon, Wis.	Fiesinger	Lindsay	

The SPEAKER. Three hundred and eighty-nine Members have answered to their names. A quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

#### MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I withdraw the reservation of a point of order I made yesterday on the motion to recommit; and now, Mr. Speaker, I move the previous question on the motion to recommit.

Mr. RANKIN. Mr. Speaker, will the gentleman withhold that a moment?

Mr. McSWAIN. I am very sorry I cannot. The House insists that we have action.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. Would it be permissible to ask unanimous consent at this point for a limited amount of time for each side, say 10 or 20 or 30 minutes to the side, to explain the difference between these two bills, the Norris bill, which I am offering in my motion to recommit, and the Hill bill, for which I am asking that the Norris bill be substituted?



The SPEAKER. If the previous question is ordered, it will be in order to ask unanimous consent to do that.

Mr. McSWAIN. I can save my friend's breath. I shall be obliged to object to the request.

Mr. RANKIN. I would like to save the gentleman from South Carolina some breath.

Mr. McSWAIN. I have not circularized the House, either.

Mr. RANKIN. I have. It was the only way I could get the facts before the Membership, as a result of the gag rule.

Mr. McSWAIN. And we will find out the truth about this before it is all over.

Mr. RANKIN. Yes; we will. I wish the House knew the facts now.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. RANKIN and Mr. SNELL demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 68, nays 327, not voting 36, as follows:

[Roll No. 21]

#### YEAS—68

Arens	Eagle	McFarlane	Shoemaker
Ayers, Mont.	Fletcher	Marland	Sinclair
Ayres, Kans.	Frear	Martin, Colo.	Smith, Wash.
Biermann	Gray	Meeks	Strong, Tex.
Boileau	Henney	Monaghan	Sweeney
Cannon, Mo.	Hildebrandt	Moran	Taylor, Tenn.
Carpenter, Kans.	Hill, Knute	Morehead	Terrell
Carpenter, Nebr.	Howard	Mott	Utterback
Chase	Johnson, Minn.	Musselwhite	Wallgren
Collins, Miss.	Keller	Nesbit	Wearin
Crosser	Kvale	O'Malley	Weideman
Dickinson	Lambertson	Patman	West
Dies	Lee, Mo.	Pierce	White
Dirksen	Lemke	Rankin	Withrow
Disney	Lewis, Md.	Rogers, Okla.	Wood, Mo.
Dunn	Lozier	Shallenberger	Young
Durgan, Ind.	Lundeen	Shannon	Zioncheck

#### NAYS—327

Abernethy	Clarke, N.Y.	Fitzpatrick	Johnson, W.Va.
Adair	Cochran, Mo.	Flannagan	Jones
Adams	Cochran, Pa.	Focht	Kahn
Allen	Coffin	Ford	Kee
Allgood	Colden	Foss	Kelly, Ill.
Almon	Cole	Foulkes	Kelly, Pa.
Andrew, Mass.	Collins, Calif.	Fuller	Kemp
Andrews, N.Y.	Colmer	Fulmer	Kennedy, Md.
Arnold	Condon	Gasque	Kenney
Auf der Heide	Connery	Gavagan	Kerr
Bacharach	Connolly	Gibson	Kinzer
Bacon	Cooper, Ohio	Gilchrist	Kloeb
Bailey	Cooper, Tenn.	Gillespie	Kniffin
Bakewell	Corning	Gillette	Knutson
Beam	Cox	Goldsborough	Kocalkowski
Beedy	Cravens	Goodwin	Kopplemann
Belter	Crosby	Goss	Kramer
Berlin	Cross	Granfield	Kurtz
Black	Crowe	Green	Lambeth
Blanchard	Crowther	Greenwood	Lamneck
Bland	Crump	Gregory	Lanham
Bloom	Culkin	Griffin	Lanzetta
Boehne	Cullen	Griswold	Larrabee
Boland	Cummings	Guyer	Lea, Calif.
Bolton	Darrow	Haines	Lehlbach
Boylan	Dear	Hamilton	Lehr
Brennan	Deen	Hancock, N.C.	Lesinski
Briggs	Delaney	Hancock, N.Y.	Lewis, Colo.
Britten	De Priest	Harlan	Lloyd
Brown, Mich.	DeRouen	Hart	Luce
Brumm	Dickstein	Harter	Ludlow
Brunner	Dingell	Hartley	McClintic
Buchanan	Ditter	Hastings	McCormack
Buck	Dobbins	Healey	McDuffie
Bulwinkle	Dockweiler	Hess	McFadden
Burch	Dondero	Higgins	McGrath
Burke, Nebr.	Douglass	Hill, Ala.	McGugin
Burnham	Doutrich	Hill, Sam B.	McKeown
Busby	Doxey	Hoeppel	McLean
Byrns	Drewry	Holdale	McLeod
Cady	Driver	Hollister	McMillan
Caldwell	Duffey	Holmes	McReynolds
Carden	Duncan, Mo.	Hooper	McSwain
Carley	Eaton	Hope	Major
Carter, Calif.	Edmonds	Huddleston	Maloney, Conn.
Carter, Wyo.	Elcher	Hughes	Maloney, La.
Cary	Ellzey, Miss.	Imhoff	Mansfield
Castellow	Eltse, Calif.	Jacobsen	Mapes
Cavichia	Evans	James	Marshall
Chapman	Faddis	Jeffers	Martin, Mass.
Chavez	Farley	Jenckes	Martin, Oreg.
Church	Fernandez	Jenkins	May
Claiborne	Fish	Johnson, Okla.	Mead
Clark, N.C.	Fitzgibbons	Johnson, Tex.	Merritt

Millard	Ramsay	Simpson	Traeger
Miller	Ramspeck	Sirovich	Treadway
Milligan	Randolph	Smith, Va.	Truax
Mitchell	Ransley	Smith, W.Va.	Turner
Montet	Rayburn	Snell	Turpin
Moynihan	Reece	Snyder	Umstead
Muldowney	Reed, N.Y.	Somers, N.Y.	Underwood
Murdock	Reid, Ill.	Spence	Vinson, Ga.
Norton	Relly	Stalker	Vinson, Ky.
O'Brien	Rich	Steagall	Wadsworth
O'Connell	Richards	Stokes	Walter
O'Connor	Richardson	Strong, Pa.	Watson
Oliver, Ala.	Robertson	Stubbs	Weaver
Oliver, N.Y.	Robinson	Studley	Welch
Owen	Rogers, Mass.	Sullivan	Werner
Palmisano	Rogers, N.H.	Sumners, Tex.	Whitley
Parker, Ga.	Romjue	Sutphin	Whittington
Parker, N.Y.	Rudd	Swank	Wigglesworth
Parks	Ruffin	Swick	Wilcox
Parsons	Sadowski	Taber	Willford
Peavey	Sanders	Tarver	Williams
Pettingill	Sandlin	Taylor, Colo.	Wilson
Peyser	Schaefer	Taylor, S.C.	Wolcott
Polk	Schuetz	Thom	Wolfenden
Pou	Schulte	Thomason, Tex.	Wolverton
Powers	Sears	Thompson, Ill.	Wood, Ga.
Prall	Secrest	Tinkham	Woodruff
Ragon	Seger	Tobey	

#### NOT VOTING—36

Bankhead	Cannon, Wis.	Gambrill	Perkins
Beck	Cartwright	Gifford	Peterson
Blanton	Celler	Glover	Sabath
Brand	Christianson	Hornor	Scrugham
Brooks	Darden	Kennedy, N.Y.	Sisson
Brown, Ky.	Doughton	Kleberg	Thurston
Browning	Dowell	Lindsay	Waldron
Buckbee	Englebright	McCarthy	Warren
Burke, Calif.	Fiesinger	Montague	Woodrum

So the motion to recommit was rejected.

The following pairs were announced:

Until further notice:

Mr. Blanton with Mr. Dowell.  
 Mr. Bankhead with Mr. Beck.  
 Mr. Warren with Mr. Perkins.  
 Mr. Brooks with Mr. Buckbee.  
 Mr. Fiesinger with Mr. Gifford.  
 Mr. Glover with Mr. Christianson.  
 Mr. Lindsay with Mr. Englebright.  
 Mr. Sabath with Mr. Waldron.  
 Mr. Burke of California with Mr. Thurston.  
 Mr. Browning with Mr. Sisson.  
 Mr. Kennedy of New York with Mr. Cannon of Wisconsin.  
 Mr. Doughton with Mr. Darden.  
 Mr. Kleberg with Mr. McCarthy.  
 Mr. Gambrill with Mr. Hornor.  
 Mr. Brown of Kentucky with Mr. Scrugham.  
 Mr. Cartwright with Mr. Montague.  
 Mr. Celler with Mr. Brand.

Mr. BYRNS. Mr. Speaker, the gentleman from California, Mr. BURKE, is unavoidably absent. If he were present he would vote "nay" on the motion to recommit, and "yea" on the passage of the bill.

Mr. OLIVER of Alabama. Mr. Speaker, my colleague, Mr. BANKHEAD, is absent on account of illness. If present, he would vote "no" on the motion to recommit and "aye" on the bill reported by the committee.

Mr. BYRNS. Mr. Speaker, my colleague, Mr. BROWNING, is absent on official business of the House. If present, he would vote "no" on the motion to recommit and "aye" on the passage of the bill.

Mr. COLLINS. Mr. Speaker, the gentleman from New York, Mr. KENNEDY, the gentleman from New York, Mr. CELLER, and the gentleman from New York, Mr. LINDSAY, are unavoidably absent. If present, they would vote "no" on the motion to recommit.

Mr. HANCOCK of North Carolina. Mr. Speaker, my colleague, Mr. WARREN, is unavoidably absent. If present, he would vote "no" on the motion to recommit.

Mr. DRIVER. Mr. Speaker, the gentleman from Arkansas, Mr. GLOVER, is unavoidably absent. If present, he would vote "no" on the motion to recommit.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. McSWAIN. And on that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 306, nays 92, answered "present" 2, not voting 32, as follows:



[Roll No. 22]

YEAS—306

Abernethy	Dingell	Kocalkowski	Reid, Ill.
Adair	Disney	Kopplemann	Reilly
Adams	Dobbins	Kramer	Richards
Allgood	Dockweiler	Kvale	Richardson
Almon	Douglass	Lambeth	Robertson
Arens	Doxey	Lamneck	Robinson
Arnold	Drewry	Lanham	Rogers, N.H.
Auf der Heide	Driver	Lanzetta	Rogers, Okla.
Ayers, Mont.	Duffey	Larrabee	Romjue
Ayers, Kans.	Duncan, Mo.	Lea, Calif.	Rudd
Bailey	Dunn	Lee, Mo.	Ruffin
Beam	Durgan, Ind.	Lehr	Sadowski
Beiter	Eagle	Lemke	Sanders
Berlin	Eicher	Lesinski	Sandlin
Biermann	Ellzey, Miss.	Lewis, Colo.	Schaefer
Black	Faddis	Lewis, Md.	Schuetz
Bland	Farley	Lloyd	Schulte
Bloom	Fernandez	Lozier	Sears
Boehne	Fitzgibbons	Ludlow	Secrest
Bolleau	Fitzpatrick	Lundeen	Shallenberger
Boland	Flannagan	McCarthy	Shannon
Boylan	Fletcher	McClintic	Shoemaker
Brennan	Ford	McCormack	Sinclair
Briggs	Foulkes	McDuffie	Sirovich
Brown, Mich.	Frear	McFarlane	Smith, Va.
Brunner	Fuller	McGrath	Smith, Wash.
Buchanan	Fulmer	McKeown	Smith, W.Va.
Buck	Gasque	McMillan	Snyder
Bulwinkle	Gavagan	McReynolds	Somers, N.Y.
Burch	Gilchrist	McSwain	Spence
Burke, Nebr.	Gillespie	Major	Steagall
Busby	Gillette	Maloney, Conn.	Strong, Tex.
Byrns	Goldsborough	Maloney, La.	Stubbs
Cady	Granfield	Mansfield	Studley
Caldwell	Gray	Marland	Sullivan
Cannon, Mo.	Green	Martin, Colo.	Summers, Tex.
Carden	Greenwood	Martin, Oreg.	Sutphin
Carley	Gregory	May	Swank
Carpenter, Kans.	Griffin	Mead	Sweeney
Carpenter, Nebr.	Griswold	Meeks	Tarver
Cartwright	Haines	Miller	Taylor, Colo.
Cary	Hamilton	Milligan	Taylor, S.C.
Castellow	Hancock, N.C.	Mitchell	Taylor, Tenn.
Chapman	Harlan	Monaghan	Thom
Chase	Hart	Montet	Thomason, Tex.
Chavez	Harter	Moran	Thompson, Ill.
Church	Hastings	Morehead	Traeger
Claiborne	Healey	Mott	Truax
Clark, N.C.	Henney	Murdock	Turner
Cochran, Mo.	Hildebrandt	Musselwhite	Umstead
Coffin	Hill, Ala.	Nesbit	Underwood
Colden	Hill, Knute	Norton	Vinson, Ga.
Cole	Hill, Sam B.	O'Brien	Vinson, Ky.
Collins, Calif.	Hoepfel	O'Connell	Wallgren
Collins, Miss.	Hoidale	O'Connor	Walter
Colmer	Howard	O'Malley	Wearin
Condon	Huddleston	Oliver, Ala.	Weaver
Connelly	Hughes	Oliver, N.Y.	Weideman
Cooper, Tenn.	Imhoff	Owen	Welch
Corning	Jacobsen	Palmisano	Werner
Cox	Jeffers	Parker, Ga.	West
Cravens	Jenckes	Parks	White
Crosby	Johnson, Minn.	Parsons	Whittington
Cross	Johnson, Okla.	Patman	Wilcox
Crosser	Johnson, Tex.	Peavey	Willford
Crowe	Johnson, W.Va.	Pettengill	Williams
Crump	Jones	Peyser	Wilson
Cullen	Kee	Pierce	Withrow
Cummings	Keller	Polk	Wood, Ga.
Darden	Kelly, Ill.	Pou	Wood, Mo.
Dear	Kelly, Pa.	Prall	Woodruff
Deen	Kemp	Ragon	Woodrum
Delaney	Kennedy, Md.	Ramsay	Young
DeRouen	Kenney	Ramspeck	Zioncheck
Dickinson	Kerr	Randolph	The Speaker
Dickstein	Kloeb	Rayburn	
Dies	Kniffin	Reece	

NAYS—92

Allen	Ditter	Jenkins	Rich
Andrew, Mass.	Dondero	Kahn	Rogers, Mass.
Andrews, N.Y.	Doutrich	Kinzer	Seger
Bacharach	Eaton	Knutson	Simpson
Bacon	Edmonds	Kurtz	Snell
Bakewell	Eltze, Calif.	Lambertson	Stalker
Beedy	Evans	Lehibach	Stokes
Blanchard	Fish	Luce	Strong, Pa.
Bolton	Focht	McFadden	Swick
Britten	Foss	McGugin	Taber
Brumm	Gibson	McLean	Terrell
Burnham	Goodwin	McLeod	Tinkham
Carter, Calif.	Goss	Mapes	Tobey
Carter, Wyo.	Guyer	Marshall	Treadway
Caviochia	Hancock, N.Y.	Martin, Mass.	Turpin
Clarke, N.Y.	Hartley	Merritt	Utterback
Cochran, Pa.	Hess	Millard	Wadsworth
Connolly	Higgins	Moynihan	Watson
Cooper, Ohio	Hollister	Muldowney	Whitley
Culkin	Holmes	Parker, N.Y.	Whigglesworth
Darrow	Hooper	Powers	Wolcott
De Priest	Hope	Ransley	Wolfenden
Dirksen	James	Reed, N.Y.	Wolvertan

ANSWERED "PRESENT"—2

Crowther	Rankin
NOT VOTING—32	

Bankhead	Burke, Calif.	Gambrill	Perkins
Beck	Cannon, Wis.	Gifford	Peterson
Blanton	Celler	Glover	Sabath
Brand	Christianson	Hornor	Scrugham
Brooks	Doughton	Kennedy, N.Y.	Sisson
Brown, Ky.	Dowell	Kleberg	Thurston
Browning	Englebright	Lindsay	Waldron
Buckbee	Flesinger	Montague	Warren

So the bill was passed.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "aye", as above recorded.

The following additional pairs were announced:

On the vote:

Mr. Doughton (for) with Mr. Crowther (against).  
 Mr. Bankhead (for) with Mr. Beck (against).  
 Mr. Warren (for) with Mr. Perkins (against).  
 Mr. Buckbee (for) with Mr. Englebright (against).  
 Mr. Glover (for) with Mr. Waldron (against).  
 Mr. Brooks (for) with Mr. McFadden (against).

Until further notice:

Mr. Blanton with Mr. Dowell.  
 Mr. Gambrill with Mr. Gifford.  
 Mr. Burke of California with Mr. Thurston.  
 Mr. Scrugham with Mr. Christianson.

Mr. CULLEN. Mr. Speaker, the following Members are unavoidably absent; if present, they would vote "aye" on the passage of the bill: Mr. SABATH, Mr. FIESINGER, Mr. CELLER, Mr. MONTAGUE, Mr. SISSON, Mr. BROWN of Kentucky, Mr. PETERSON, Mr. LINDSAY, Mr. BRAND, Mr. KENNEDY of New York, Mr. CANNON of Wisconsin, Mr. BROWNING, Mr. KLEBERG, and Mr. HORNOR.

Mr. CROWTHER. Mr. Speaker, on yesterday, expecting that the vote would be had that day, I had a pair with the gentleman from North Carolina, Mr. DOUGHTON. He is not present today, and I will allow that pair to stand and vote "present."

Mr. RANKIN. Mr. Speaker, under the statement I was compelled to make in order to gain recognition to offer my motion to recommit and substitute the Norris bill for the present measure, I am not permitted to vote for the bill. So I withhold my vote and answer "present."

The result of the vote was announced as above recorded.

On motion of Mr. McSWAIN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS—MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to extend their own remarks on the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. BOLTON. Mr. Speaker, it is my purpose to discuss only one of the many features of the bill creating the Tennessee Valley authority which is before us, and a feature to which apparently not much attention has been given. While it may not appear important at first glance, I believe a consideration of this subject and what is proposed will bear out my concern in the suggested legislation.

I have reference to the navigation features of the bill. The express purpose of the legislation, among other things, is to improve navigation in the Tennessee River, and to carry out that and other purposes there is created a body corporate by the name of the "Tennessee Valley Authority of the United States", with full rights and powers necessary for the transaction of the business of the corporation and to fulfill the provisions of the act.

The bill provides that this authority—

shall have power to acquire real estate for the construction of \* \* \* navigation projects at any point along the Tennessee River or any of its tributaries \* \* \* shall have power to construct \* \* \* navigation projects in the Tennessee River.

And it is—

declared to be the policy \* \* \* to provide cheaper navigation in the Tennessee River.

I have quoted from section 4 of the bill.

In section 17 it is stated:

In order to enable \* \* \* the board to carry out the authority  
\* \* \* conferred \* \* \* it is authorized and empowered  
\* \* \* to exercise the right of eminent domain.

Thus it is apparent that one of the functions of the authority is to provide for navigation on the Tennessee River, and in the absence of any provisions to the contrary is to have full responsibility for such improvement.

It is true in section 16 of the bill the Secretary of War is authorized to construct the Cove Creek Dam and provides such construction shall be not only for the purpose of "generation of electric power" but—

for the purpose of promoting navigation by increasing and regulating the flow of the Clinch River and the Tennessee River below.

Aside from this specific authorization and direction of the War Department for the improvement of Cove Creek Dam, all responsibility and authority for carrying out the navigation provisions of the act is vested entirely with the officials of the—

Tennessee Valley authority, an instrumentality and agency of the Government of the United States.

And just as it is apparent that the provisions of the act place the full responsibility for the development of navigation on the Tennessee River in the hands of the authority, to the same extent it can be judged the authority will proceed only in the interests of the Tennessee Valley. This, of course, means such development will be made with little regard for national plans of waterway development, of which it would have but meager knowledge and in which it would have only a secondary interest.

Now let us consider for a moment the policy which the Government has practiced in the past in the development of navigation. We are all familiar with the work of the Corps of Engineers of the United States Army and realize the principal duties of that branch of the Army in peace times are in flood control and rivers and harbors work throughout the country. For many years this navigation work has been intrusted to the Corps of Engineers, made up of highly trained officers, under a policy which has become more and more free from outside interference and which has developed a thorough understanding of the water-borne commerce requirements of the entire Nation and a consequent familiarity with this problem.

Since 1902, when the basic law for consideration and study of specific projects was adopted, the practice outlining the procedure for the study, report, and adoption of navigation projects has been much amplified and made more specific by legislation. Today the procedure for the adoption of a project requested of Congress for rivers and harbors work calls for a preliminary examination to be made by the engineer in charge of the district in which the project is located to ascertain the probable public usefulness of the proposed improvement. The report of the district engineer goes, in turn, for approval to the division engineer, the Board of Engineers for Rivers and Harbors, the Chief of Engineers, and the Secretary of War. If recommendations are favorable, an estimate of costs is authorized, and this follows the same route, finally being transmitted to Congress for authorization and appropriation if it is indicated the project can be advantageously carried forward. After authorization and appropriation by Congress, the work is then carried on by the same group which studied and recommended the improvement and is familiar with the problem in all its details.

It is under this procedure that the great activities of the Government in the development of navigation have been pursued for the past several years, and, contrary to criticisms which have been heard, this work has been done in a manner distinctly favorable to the Government in efficiency and in cost. When it is remembered this organization engaged in rivers and harbors work comprises about 50 districts spread throughout the country, the activities of the Engineers may well be considered an irreducible minimum of organization, as well as a maximum of efficiency in problems of this character.

Today our waterway development is carried on with the requirements of the country as a whole in mind in order that the ultimate development and improvement of our rivers and harbors may mean a uniform system of waterway transportation. The desirability for this policy of improvement is apparent, and the results to be obtained equally clear.

It is now proposed that the practice of many years of having all navigation projects throughout the country handled by one branch of our Government, and with one definite purpose in view, be disregarded by the legislation under discussion, and the Tennessee Valley authority be given full charge and responsibility for the development of one of our great waterways.

Irrespective of the fact that the engineers have studied the development of the Tennessee River for over 10 years, having expended over a million dollars in surveys and studies of this territory, regardless of the fact that Congress has approved of the project submitted by the War Department for the improvement of the river from Knoxville to its mouth, under plans submitted by the engineers, and has authorized \$5,000,000 to be expended in accordance with those plans, this bill proposes to place the entire authority for the development of navigation in the Tennessee Valley in the hands of a newly constituted board to carry out in such a manner as that board deems proper, without an estimate or plan of what is contemplated, and without any instructions to conform to the general scheme of development of water-borne commerce. Further, all acts, or parts in conflict with this authority, are repealed, although it is only fair to say the able chairman of the Military Affairs Committee has limited such repeal so that it applies only so far as other acts conflict with operations proposed by this legislation.

It is this disregard of existing practice to which I desire to call attention and voice my objections to the unnecessary duplication of effort and expense at a time when we are calling for economy, as well as to the abandonment of past practice and experience and the general plan of development of our waterways.

We recently have had instances of proposed legislation under which authority placed by law on the Engineers and on Congress was attempted to be disregarded. Today we have an even more flagrant violation of this practice. The question naturally arises, what will result from this tendency? If similar activities, such as the Tennessee Valley Act, are proposed in other parts of the country, it is fair to assume this same policy of abandoning efforts for a unified system of development will be followed, with the result that in time the effectiveness of the Government, through the Corps of Engineers, in its supervision and administration of waterway development throughout the country and the desire for a unified system as a goal in waterway development will disappear.

I feel very strongly that this action would be disastrous to the waterway interests of the country and would bring a break-down of our general water-borne transportation system. I would urge all who have an interest in the furtherance of our inland waterway system, and those who believe in a general plan covering the entire country as the most practical and efficient procedure to give careful thought to this point, with a realization of what it may mean to the country in the future.

I regret that in the desire to create a new and untried instrumentality of our Government, it has been felt necessary to disregard functions and practices of the Government, which, by past performance, have proven their value and ability to render service in an able and efficient manner and which I believe should not be cast aside for something uneconomical and unsound.

Mr. LUDLOW. Mr. Speaker, I confess I look upon the bill now before the House, the so-called "Hill Muscle Shoals bill", with mixed emotions.

If this were a proposition to start the United States Government on such an enterprise as the one at Muscle Shoals, I would be found among those in opposition. I am not in favor of Government ownership, nor would I support any



movement to project the Government into any original enterprise of this character, such as the much-talked-of proposal that the Government shall take over and develop the Columbia Basin reclamation project. As far as I am concerned, Government ownership will end at Muscle Shoals.

I shall vote for this bill for two reasons, the first being that it is a part of President Roosevelt's program on which he hopes to rehabilitate the country economically and to bring back prosperity to a sorely distressed nation. As a representative of a constituency that believes in President Roosevelt and wishes him well in his patriotic efforts to restore confidence and prosperity, I conceive it to be my duty to uphold his hands, even to the extent of supporting some measures about which I may have misgivings, if my opposition would obstruct or handicap his general purpose, because I believe his general purpose is in every way commendable and praiseworthy.

The people of the congressional district which I have the honor to represent admire President Roosevelt for his splendid initiative and courage. There is no division between Republicans and Democrats on that score. They have adjourned politics in order to give the President the inspiration and support he so well deserves. The Indianapolis Star, one of the ablest newspapers in the United States and one of the fairest, expressed the universal thought in its leading editorial yesterday morning when it said:

The country is standing squarely behind President Roosevelt in his efforts to cope with a serious economic and unemployment situation. The public may have doubts as to the merit of some proposals, but it is willing to accept the motive which has prompted them. \* \* \* Attempts to improve conditions, however, seem preferable to continued drifting in the hope that betterment eventually will be forthcoming.

That editorial expresses the keynote of popular opinion about President Roosevelt. The people like him because he has initiative, because he has daring, because he does things in a courageous and big way. They know that he is human, and they expect him to make mistakes, but they believe that he is driving ahead in the direction that ultimately will lead to the salvation of the country.

President Roosevelt has said that he wants this Muscle Shoals bill passed and that if the authority which it conveys is granted he believes he can do a great deal of good for the country. He wants it to fit in with his general scheme of economic rehabilitation, as a link in the chain that leads toward recovery, and I believe it to be my duty to give to him the support he asks.

In the second place, I am for it because it simply provides for the development of property which the Government already owns and not for any new incursion into the realm of Government ownership. But someone may say, "Do you favor the entrance of Government into business?"

To that I reply, "I do not, but this is a case where the Government already has entered business."

The Government has long owned the property. It has put \$150,000,000 into it. The question on which we are voting today is whether the plant shall be allowed to stand and rot or whether the Government shall salvage the holdings it already has by developing and operating the property so as to bring it out of the red and put it in condition to bring some returns to the people of the United States, who are the owners. While I would have much preferred that the property be leased, efforts in that direction always have met with failure, and that alternative is not now offered to us.

I have noted with interest that Representative JOSEPH B. SHANNON, of Missouri, chairman of the celebrated "Shannon committee", and the most outstanding exponent in the United States Congress of the doctrine that the Government shall stay out of business, is supporting this bill. He evidently feels as I do that in this particular case the Government should do something with its white elephant except to permit it to eat hay at the expense of the taxpayers, and perhaps Mr. SHANNON also shares the common desire to help President Roosevelt in carrying out his program.

Mr. RANDOLPH. Mr. Speaker, following the close of the World War the tabulated figures of the cost of Muscle Shoals disclosed that \$150,000,000 had been spent of the money of American taxpayers.

President Woodrow Wilson had looked into the future, as the following words indicate:

It is not merely a war-time measure—

He said in speaking of the Muscle Shoals project—

When the need for battle munitions is ended we shall have the plant making fertilizer for our farmers.

But the years came and went with selfish interests robbing this Nation of a potential economic giant, and the longest dam in the world, with its accompanying nitrate plants, has, like the fictional giant from Gulliver's tales, remained prostrate while political pygmies tightened their cords of pettiness.

In the May issue of the American Magazine we are told vividly by Morris Markley of his visit to the ghostlike section of northern Alabama where Muscle Shoals lies. In his interviews with the natives he asked them the following question:

"Suppose", I said, "that we could get the project going one way or another—power actually coming from the generators, and fertilizer from the nitrate plant. What would happen? What would it mean?"

My friend thought for a moment. Then he said, "I think that cheaper power would stimulate all sorts of small local industries. Cheaper and better fertilizers would make the farmer's problem simpler.

"One result of the operation of Muscle Shoals which, I think, would affect people everywhere in the country would be its influence on private power companies. You know, there's been a lot of talk about these companies. They have been accused of trying to monopolize the Nation's power resources, of using these resources for their own gain rather than for the benefit of the public, of charging unwarranted rates, and so on. Here in Muscle Shoals the Government has a great chance to show by comparison how far some of these charges are true, and to give the private companies an object lesson.

"And we can't deny that it would be a wonderful thing for us here. It would put thousands of men to work. It would help us to get rid of that feeling of futility, of helplessness, that's come over us. You see, friend, it makes us folks pretty blue to remember all the energy and enthusiasm and human ingenuity which built Muscle Shoals—and to see all that enterprise thrown away. It makes us suspect that hard work and hard thinking don't count for much, after all.

"Start Muscle Shoals to working, and you do more than improve property values, set men to work, stimulate business. You restore the faith of a whole people—the people living in this part of the world."

Passage today of this measure will breathe life into a dream that was dead, and that dream will become dynamic. Success of this legislation will bring back a vision that had vanished, and that vision will become vitalized.

Effective action will mark a new beginning in an epoch-making enterprise which will become a potent part of progressive America.

Mr. GILLESPIE. Mr. Speaker, it is folly for those who oppose this bill to argue now that the Government should be kept out of business, for the reason that the Government is already engaged in and is financing all kinds of private business enterprises.

The Government has been in the business of regulating railways since 1887.

From its beginning the Government has been expending millions on rivers, harbors, canals, and all manner of internal improvements.

The Government runs barges; it is in the shipping business; it is in the aviation business; it has been granting big appropriations, sometimes called "pork-barrel appropriations", for navy yards, Army posts, and so forth; it is in the school business; in the tariff business; in the farm business by way of the Federal Farm Board and many other business bureaus erected by acts of Congress.

The Government is in the business of building and controlling public highways; the Government has jurisdiction over post roads, and owns and operates our great and useful mail transportation system, and is directly engaged in



thousands of other business enterprises, and all in the interest of the people.

Why should anybody at this late time—too late—advocate that the Government should be kept out of business and the people's great Muscle Shoals turned over to a monopoly—the Power Trust, or private control of any kind?

The people have invested in Muscle Shoals the sum of 150 millions. It is bought and paid for and belongs to all of us.

Rugged individualism in America, like the law of supply and demand, has become a myth.

The law of supply and demand has been destroyed by man-made laws and differential privileges in the form of monopolies granted to favored individuals and groups.

There is no longer any free flow of commerce, because commerce is controlled by artificial man-made laws.

It started with Government regulation of railroads in 1887, when people on account of unfair freight and passenger tariffs and other abuses were compelled to turn to the Government for relief.

It was not the Socialist who got the Government into the business of running barges on some of its improved waterways.

The World War got the Government in the ship-subsidy business, and business men have clamored for mail subsidies, and certain groups have petitioned the Government to provide cheap money for shipbuilding.

Who is responsible for having the Government to send out drummers over the world to drum up business? These emissaries should be paid out of the capital of private enterprises, but the Government has been paying them; and then there is a Federal Trade Commission, and then there is the Tariff Commission and many other commissions and bureaus operated at Government expense.

Since it is a fact that the Government is actually in business, then why should it not operate for the benefit of all the people that great natural opportunity, Muscle Shoals? Why throw away 150 millions already invested in this enterprise pretending that you are keeping the Government out of business?

All must admit and none can deny that this plant would benefit the farmer by furnishing him cheap fertilizer and would benefit the artisan and workers and the general public as well if the Government operates and controls Muscle Shoals for the people.

I shall vote that way.

Mr. SMITH of Washington. Mr. Speaker, I will vote in favor of the motion to recommit in order to substitute the Norris bill for the pending bill.

In my campaign for election to this body, I stated to the people of my district that I favored the development of Muscle Shoals in the interests of all the people by the Federal Government, as advocated for many years by Senator GEORGE W. NORRIS, of Nebraska, and it has been my understanding, and still is, that this has also been the position of President Roosevelt. In every vote I have cast as a Member of this House, I have kept faith with the people who sent me here, and my vote on this roll call will accord squarely with the promises and pledges I made to them.

I have the highest regard for the gentleman from South Carolina [Mr. McSWAIN] and for the author of this bill, the gentleman from Alabama [Mr. HILL], and if the motion to recommit does not prevail, which it probably will not, then I shall vote for their bill on its final passage, in the hope, however, that in the Senate the bill of that grand old leader in this long fight [Senator NORRIS] will be substituted. I also hope, Mr. Speaker, that this great project will be named Norris Shoals in his honor and that it will be speedily developed in the interests of all the people in the manner which has been advocated by him for more than a decade.

Mr. Speaker, I also commend our great Democratic President, Franklin D. Roosevelt, for the courageous and patriotic act he will perform when he signs the law, which has been vetoed by two former Republican Presidents. The American people from one end of the land to the other will rise up and call him blessed.

Mr. TERRELL. Mr. Speaker, I am sorry that I cannot go all the way with the Democrats of the House in supporting H.R. 5081, the Muscle Shoals proposition.

The whole theory of the republican form of government is gradually being undermined, and we are substituting therefor another theory which instead of leaving the individual free to work out his own destiny in the business world is gradually encroaching on the grounds of individual activity by projecting the Government into all lines of activity.

Regardless of whether this enterprise pays or not, the principle of putting the Government into private business is wrong, and I shall oppose all laws which attempt to put the Government further into private business. Past experience proves beyond question that the Government has lost money in all ventures into private business, and taking these experiences as an example we may be sure that the Government will lose millions of dollars in this enterprise. The law cannot determine in advance how much money should properly be spent on this enterprise, and the Government stands to lose hundreds of millions of dollars besides what has already been sunk in the project. The invariable policy of the Democratic Party has been against the Government's entering the field of private industry. The Democratic platform of 1932 said:

We advocate the removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

What is the common interest is a debatable question.

The Government's proper function is to leave the people independent in their business transactions in all respects except to protect the weak against the strong by preventing a monopoly and prohibiting any form of coercion against individuals or weaker groups of citizens engaged in business.

I voted to recommit this bill in order to substitute the Norris bill for it for the reason that Senator NORRIS has studied the Muscle Shoals project more closely than any other Member of Congress; and if we must enact legislation of this character, I should prefer to have the law he approves.

I do not think the Government should make fertilizer or electric power in competition with private enterprises, nor do I think the Government should own and operate the railroads or other business concerns; but the Government is destined to own and operate the railroads or lose the money advanced them through the Reconstruction Finance Corporation. I prefer to lose this money and also lose the hundreds of millions of dollars already spent on Muscle Shoals rather than embark on the vast scale of industry now contemplated by this bill. The Government lost the only opportunity it ever had to test the feasibility of economic production of electric power and fertilizer for sale to the public when it refused to lease this property to Henry Ford, who would have spent all the money necessary to develop it and agreed to sell the fertilizer and power at a profit of 6 or 7 percent.

I would take the Government out of the private printing industry and every other private industry, if I could do it, and return to the simple form of government contemplated by the Constitution, and followed for a hundred years before branching out into untried fields of business ventures. Our Government in those days was simple and inexpensive and answered every governmental need of the citizens and has not been improved upon by recent vast expansion of operations in business and industry conducted by boards and bureaus far removed from the people. The Government cannot save the situation by issuing billions on interest-bearing bonds to carry on public works and place future generations under bondage, for the "borrower is servant to the lender."

It is my solemn prediction, not as a prophet, but as a student of history, that this Government will not stand in its present form and method of management 100 years longer. It cannot be saved unless we retrace our steps and return to a strict compliance with the Constitution in which the authority of the three separate departments of government, legislative, executive, and judicial, is recognized and rigidly



maintained and the authority of the States in all local matters is preserved inviolate.

#### HOME MORTGAGE RELIEF BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a report on the home mortgage relief bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take up the home mortgage relief bill tomorrow. The gentleman from Massachusetts [Mr. LUCE], the ranking minority member on the committee, does not seem to be present at the moment, but I am prepared to say for him that an hour for general debate upon the bill is satisfactory. I submit the request upon that basis.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the home mortgage relief bill shall be in order tomorrow. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object. A matter may come in from the Rules Committee of an emergency nature, which may not take much time, but which we had in mind calling up tomorrow. I think we might well proceed with that before debate on the home mortgage relief bill.

Mr. STEAGALL. I had understood that it was the desire of the majority leader that we should give the right of way to the home mortgage relief bill tomorrow.

Mr. O'CONNOR. I might say to the gentleman that this matter was called to our attention just recently, and I discussed it with the majority leader a short time ago.

Mr. STEAGALL. It is quite satisfactory to me to have any proposition from the Rules Committee come first.

Mr. PETTENGILL. Mr. Speaker, have the hearings on the bill been printed?

Mr. STEAGALL. They have.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object. By giving unanimous consent today to confine debate to 1 hour will we be estopped from asking unanimous consent to extend the time further?

Mr. STEAGALL. No; the gentleman would not be.

The SPEAKER. Is there objection?

Mr. BACON. Mr. Speaker, can the gentleman tell me whether this bill is to be brought up under a rule, or will there be opportunity to amend the bill?

Mr. STEAGALL. We expect to consider the bill under the general rules of the House, under the 5-minute rule.

Mr. McFADDEN. Mr. Speaker, do I understand the gentleman to say that amendments may be offered from the floor of the House?

Mr. STEAGALL. Oh, yes. The bill will be considered under the general rules of the House.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none.

Mr. STEAGALL. Mr. Speaker, I now ask unanimous consent that general debate upon the bill continue for 1 hour, to be divided equally between the gentleman from Massachusetts [Mr. LUCE] and myself.

The SPEAKER. One hour on a side?

Mr. STEAGALL. One hour in all.

Mr. SNELL. Mr. Speaker, I reserve the right to object. I do not know whether that is agreeable to the gentleman from Massachusetts or not.

Mr. STEAGALL. I can assure the gentleman that it is agreeable to him.

Mr. SNELL. If it is agreeable to him, I would not want to object.

Mr. STEAGALL. It is. I discussed it with him a little while ago.

Mr. SNELL. There will be plenty of time under the 5-minute rule?

Mr. STEAGALL. Yes.

The SPEAKER. The gentleman from Alabama asks unanimous consent that general debate continue for 1 hour,

to be equally divided between himself and the gentleman from Massachusetts. Is there objection?

Mr. McFADDEN. Mr. Speaker, I reserve the right to object in order to ask whether it is possible to get some time on this bill. With only half an hour on this side I do not see where any Members are going to have opportunity to discuss the bill at all.

Mr. STEAGALL. I stated to the House that I had discussed the matter of time with the minority ranking Member [Mr. LUCE].

Mr. McFADDEN. But there are other Members here who have some rights. Unless more time can be arranged, I shall object.

The SPEAKER. Is there objection?

Mr. McFADDEN. Mr. Speaker, I object.

Mr. STEAGALL. I have no objection to extending the time. I shall be very glad to meet the wishes of my friend from Pennsylvania.

Mr. GOSS. Do I understand that general debate is to be confined to the bill?

Mr. STEAGALL. Yes; I will put it that way.

Mr. COCHRAN of Missouri. Mr. Speaker, is the gentleman going to permit only half an hour on a side for the consideration of this bill?

Mr. STEAGALL. I am submitting that request now.

Mr. COCHRAN of Missouri. Mr. Speaker, we passed a bill in the last session which we were told was for the relief of the home owners. We created a home-loan bank, and what was it? It was nothing but a political fraud, and up to this hour not one single individual in this country has been able to get 5 cents from that home-loan bank to retire a mortgage. It was a bill for the relief of building-and-loan associations. The bill which is to be considered now should be a real relief bill for home owners in the large cities. We have given everything to the farmers, we have given everything to the corporations, but what have we done for the man who owns a little home in the city, representing his life savings. The bill should be worded so that that man can borrow money and save his home if it is necessary, and it should not be left to any board to say you can or you cannot borrow.

Mr. STEAGALL. Mr. Speaker, the purpose of this legislation is to accomplish the very thing that the gentleman has in mind.

Mr. COCHRAN of Missouri. I hope so, but the gentleman from Alabama stood on this floor and in answer to my question, as the RECORD will show, gave me that same assurance when the other bill was pending; but what happened? In the end all one could borrow was 40 percent of the value of his or her property. You do not have to go to the Government to borrow 40 percent of the value of your property. This is a most important measure, Mr. Speaker, and there should be more time for debate.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. I object, Mr. Speaker, unless the time is extended for more than 1 hour.

Mr. STEAGALL. I will make the time 2 hours if that is satisfactory.

Mr. COCHRAN of Missouri. Make it 2 hours and I shall not object.

Mr. STEAGALL. Very well.

The SPEAKER. The gentleman from Alabama asks unanimous consent that debate upon the home mortgage relief bill be limited to 2 hours, to be divided as indicated, between himself and the gentleman from Massachusetts, debate to be confined to the bill. Is there objection?

Mr. LANZETTA. Mr. Speaker, I object.

Mr. STEAGALL. Mr. Speaker, if the Speaker will permit, I submit the request that the home loan bank bill may be in order tomorrow.

The SPEAKER. That request has been granted. There has been objection to the request for 2 hours' general debate. Consent has been granted that the bill may be in order tomorrow, but no arrangement has been made as to time for general debate.

## PAY OF UNITED STATES NAVAL ACADEMY GRADUATES

The SPEAKER. The Chair desires to make a statement to the House. The Chair at this point has promised to recognize the gentleman from Georgia [Mr. VINSON] for the purpose of calling up a bill, H.R. 5012, which seems to be a matter of public interest and an emergency. It affects the surplus graduates in this year's graduating class at Annapolis.

Mr. SNELL. But the gentleman from Georgia must ask unanimous consent for that?

The SPEAKER. Yes.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, and I ask unanimous consent that the bill may be considered in the House as in the Committee of the Whole.

The Clerk read as follows:

*Be it enacted, etc.,* That so much of the act of August 5, 1882 (22 Stat. 285, ch. 391), as is contained in the proviso at the end of section 1057, title 34, United States Code, is hereby amended by repealing the words "and 1 year's sea pay", so that the said proviso will read as follows: "Provided, That if there be a surplus of graduates, those who do not receive such appointments shall be given a certificate of graduation and an honorable discharge."

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There was no objection.

Mr. VINSON of Georgia. Mr. Speaker, the purpose of this bill is to change the present existing law by which sea pay of 1 year is given to midshipmen who do not receive commissions. Under the law today when a midshipman graduates at the academy and does not receive a commission, the Government pays him \$780. The purpose of this bill is to repeal that provision of the law, due to the fact that 192 midshipmen will fail to receive their commissions. When they graduate and have been honorably discharged their retainer pay that they will receive amounts to about \$1,000. So if this bill does not become effective between this date and May 26, every midshipman who does not get a commission will receive \$1,000 retainer pay plus \$780. This bill was considered by the committee and it was favorably reported, 18 to 1. It is recommended by the Budget and recommended by the Navy Department.

Mr. McCLINTIC. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. McCLINTIC. In order that the Members may have detailed information I should like the chairman to explain whether or not a midshipman, after he has been given an honorable discharge, under the terms of this bill will receive any kind of gratuity, annuity, or payment in the future?

Mr. VINSON of Georgia. He receives his retainer pay, which has been accumulated to his credit during the 4 years during which he has attended the academy, an amount in the neighborhood of a thousand dollars. He has no other claim on the Government.

Mr. Speaker, I wish to read from the committee report:

The Committee on Naval Affairs, to whom was referred the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, having had the same under consideration, report favorably thereon, without amendment, and recommend that the bill do pass.

The Naval Academy class of 1933 now contains 437 midshipmen. In accordance with the Act of May 6, 1932, not less than 50 percent of those graduating will be commissioned in the line of the Navy. In addition about 20 will be commissioned to fill vacancies in the Marine Corps and about 5 in the Supply Corps of the Navy. The remainder, about 192, cannot be commissioned, because there are no vacancies for them and they must be discharged to civil life.

The pay of a midshipman is \$780 per annum, from which he must pay for his uniforms, textbooks, etc. During his 4 years at the Naval Academy not less than \$960 is withheld from the pay of each midshipman for the purpose of providing him upon graduation with funds sufficient to buy the uniforms and equipment required by an ensign. In the case of a graduate who does not receive a commission the sum which has been withheld is paid to him. This will provide him with approximately \$1,000 plus an excellent education which has been given to him by the Government.

The present situation is not at all analogous to that which obtained when the Act of August 5, 1882, was passed. At that time

midshipmen performed 2 years' sea service after completing the 4 years at the Naval Academy before being commissioned as ensign. For those who did not receive a commission there was no such fund as the retainer pay which now provides each graduate who is not commissioned with a substantial sum upon his separation from the service. It would appear that the grant of 1 year's sea pay was intended to provide a nest egg which would enable him to make a start in civil life. Since the present-day midshipman upon discharge will receive about \$1,000 from the Government, it does not seem unfair to deny him the additional gratuity of \$780.

If this bill is enacted, it will result in a saving to the Government of some \$156,000 for the current year and about the same amount for the next 2 or 3 fiscal years.

Mr. SHANNON. Will the gentleman yield to me?

Mr. VINSON of Georgia. I yield to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. This is not economy; this is a breach of contract.

I want to explain the operation of this law with respect to these boys, the best boys in the world, who accepted appointments at the hands of their Congressmen and went to Annapolis. If a boy is commissioned, upon his graduation he is paid a salary. The purpose of this law was to provide for those who, because the Navy does not need them, do not receive a commission. It serves as an equalizer between those who are commissioned and those who are not. For 4 years, these boys who are to be graduated in a few weeks have believed that upon their graduation they would receive either a commission or this pay. If you deprive them of the pay, after permitting them to believe for 4 years that they would receive it, I say to you you are liable to upset nine tenths of them in their examinations which are going on at this very moment. For 4 years they have believed they would get this money. Now, in the name of economy you want to deprive them of it. I say to you, nothing was ever as unfair as that. Those boys have had no notice of such action. An admiral appeared before the committee and said he could save this money. He is not saving it. He is taking it from 200 American boys by changing a law which has been in operation for 50 years. I want to read the act that this bill proposes to repeal. It is the Act of August 5, 1882, and provides:

That hereafter there shall be no appointment of cadet midshipmen or cadet engineers at the Naval Academy, but in lieu thereof naval cadets shall be appointed from each congressional district and at large, as now provided by law for cadet midshipmen, and all the undergraduates at the Naval Academy shall hereafter be designated and called "naval cadets"; and from those who complete the 6 years' course appointments shall hereafter be made as it is necessary to fill vacancies in the lower grades of the line and Engineer Corps of the Navy and of the Marine Corps; and if there be a surplus of graduates, those who do not receive such appointment shall be given a certificate of graduation, an honorable discharge, and 1 year's sea pay, as now provided by law for cadet midshipmen; and so much of section 1521 of the Revised Statutes as is inconsistent herewith is hereby repealed.

At the time of the passage of this act the course at the Naval Academy was 6 years—4 years at the Naval Academy and 2 years at sea as a passed midshipman—cadets or midshipmen not being commissioned in the service as ensigns until after they had completed the 2 years' service at sea. At present the course is but 4 years at the Naval Academy, the midshipmen being commissioned as ensigns upon graduation from the 4-year course.

That act specifically provides that—

Those who do not receive such appointment shall be given  
\* \* \* 1 year's sea pay.

If this is an abuse, and if the law should be changed, then let the change go into effect in the future and do not make it applicable to those already in the academy.

Those who do not receive a commission upon their graduation will receive only this sum referred to by the gentleman from Georgia, which is the amount saved out of the allowance made to them. Those who are commissioned also receive this sum. The boy who is not commissioned is the one who will be discriminated against under the bill now under consideration.

Every midshipman who has been at the Naval Academy is fully aware of the provision of the Act of August 5, 1882,



authorizing the payment of 1 year's sea pay to him if he is graduated and there is no vacancy for him in the Navy or Marine Corps to which he can be commissioned. It would not be so bad if the law was so amended that it would only be applicable to the boys who enter the academy after the passage of the bill, but to apply it to the boys who will graduate in a month or two is unjust and unfair.

There was an implied contract between the Government and these boys that upon the completion of the 4-year course the boys would either be commissioned or would receive 1 year's sea pay. The boys have faithfully performed their part of this contract and are about to be graduated. Shall the Government, through the passage of this bill, fail to carry out its part of that contract? This bill is not only unfair but its effects are retroactive.

The courts have frequently held that where a student completes the course prescribed by a school, private or public, that school can be compelled, by mandamus, to issue to him a proper certificate. In the case of a boy entering the Naval Academy there is an agreement that upon the completion of the prescribed 4-year course there will be issued to him a certificate of graduation, and either a commission or an honorable discharge and 1 year's sea pay. The Naval Academy, as any other school, should perform its part of this agreement.

Mr. MOTT. Can the gentleman inform us whether the bill is a part of the President's economy program?

Mr. VINSON of Georgia. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. VINSON of Georgia. In reply I may state that it is sent to the committee by the Navy Department with a favorable recommendation. It is also included in a Budget message to Congress, including it in an appropriation bill.

Mr. MOTT. Does the gentleman know whether the President has approved it?

Mr. VINSON of Georgia. I do not know, but I presume when the Budget Director sends a matter to Congress it has the sanction of somebody in authority.

Mr. MOTT. The gentleman understands what I am trying to find out, which is whether this is a part of the President's economy program?

Mr. VINSON of Georgia. This is a part of the program to more economically manage the military affairs of the country.

Mr. SHANNON. I may say in answer to the gentleman from Oregon that I do not think the President ever heard of it. The President is being charged with a lot of things that are not correct. A man in his position could not possibly pass on everything. He has to trust to others. This matter originated with some admiral who wanted a transfer of funds, who probably has something else he wants to effect somewhere, and what could be more convenient than to take \$150,000 from these boys?

I repeat again, you are in grave danger of doing something that not only will upset the boys on the eve of their examinations, but you are apt to send out 200 of them with a bitter feeling toward this Government for taking this money away from them. This is theft, nothing more nor less than theft, to take it away from these boys who graduate at this time.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. RICH. Does not the gentleman think that when we educate these boys at Annapolis at an expense of approximately \$16,000 each, give them 4 years' tuition, we have certainly given them a wonderful education and that they should be satisfied?

Mr. VINSON of Georgia. And \$1,000 in addition.

[Here the gavel fell.]

Mr. SHANNON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHANNON: In line 10, after the word "discharge", insert "Provided further, That this act shall take effect July 1, 1936."

LXXVII—149

Mr. SHANNON. This amendment, Mr. Speaker, would make the change applicable to the boys who would be admitted to the academy in 1936. Those boys would have notice that this money will not be paid to them. But the boys now in the academy, who entered with the understanding and belief that they would receive this pay, would not be deprived of it.

Mr. VINSON of Georgia. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I trust the House will vote down this amendment, because if it is adopted it will mean an additional expense between now and 1936 in the neighborhood of \$500,000.

Let me call attention to the fact, as stated by the gentleman from Pennsylvania, that these boys are educated at the expense of the taxpayers. The average cost per capita of the boys at the Academy is from \$10,000 to \$12,000. In addition to this, we give every one of them \$1,000 when he leaves the Academy without a commission.

I think the Government has been exceedingly generous to these boys who cannot get commissions due to the reason we have no vacant places in the Navy for additional officers.

Mr. Speaker, I ask that the amendment be voted down.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. FULLER. This money is not given to those boys who receive commissions?

Mr. VINSON of Georgia. In that case they go into the service and earn it.

Mr. FULLER. Now the effort is being made to take it away from these boys who have chosen the Navy as a life profession and devoted their efforts to obtaining an education for that profession. It is now sought to throw them out and not pay them what the Government owes them.

Mr. VINSON of Georgia. No. We give him \$1,000 when he graduates without a commission. The proposal of the gentleman from Missouri is to give him \$780 in addition to it. The committee and the department are opposed to giving him the \$780 in addition.

Mr. FULLER. He still gets his \$1,000, does he?

Mr. SHANNON. He gets approximately \$1,000, but that is simply the unexpended balance of his allowance at the rate of \$780 a year. Out of his yearly allowance of \$780 is taken the cost of his uniforms, equipment, food, and incidental expenses, and the difference between such actual expenses and the allowance is permitted to accumulate and is paid to the boy when he is graduated from the Academy. This is true of those who receive a commission as well as those who do not.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. O'MALLEY. Is not this \$1,000 the graduate receives who does not get a commission taken out of his own salary?

Mr. VINSON of Georgia. Not at all.

Mr. SHANNON. Yes.

Mr. VINSON of Georgia. He gets no salary at the Academy. He is educated and maintained at the expense of the Government.

Mr. O'MALLEY. That is his allowance?

Mr. VINSON of Georgia. That is his allowance.

Mr. BEEDY. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. BEEDY. Does not the gentleman think this great country might find a more honorable way to economize than to break faith with these youngsters who for 4 years have assumed that their Government, through the Navy Department, would carry out the traditions of the Navy and deal squarely with them?

I want to economize, but I hesitate to support this kind of economy.

Mr. VINSON of Georgia. I may say to the gentleman from Maine there is no contract between the Government and any officer of the Army or Navy. It is entirely discretionary. Congress at any time may change their compensation.

Mr. BEEDY. I realize that, but does not the gentleman think we are under the strongest kind of moral obligation not to do this?

Mr. VINSON of Georgia. I think this about it. I think when the Government has taxed its people to educate these boys at an expenditure of approximately \$13,000 per boy, and then he fails to get a commission because the Government has no need for him, and then the Government gives him \$1,000, the Government has been exceedingly generous; and to give him \$780 additional, with economic conditions as they are today, I think would be extravagance on the part of the Government.

Mr. McCORMACK. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. McCORMACK. I am interested in the last remark of the gentleman. Why does the Government educate these boys?

Mr. VINSON of Georgia. They educate them for the reason that they want to put them in the Navy whenever there are vacancies in the Navy.

Mr. McCORMACK. In other words, it is a part of the development of our national defense.

Mr. VINSON of Georgia. But we have no vacancies in the Navy, and what is the need of putting 192 additional officers in the Navy when there is no need for them?

Mr. McCORMACK. I am not completely in disagreement with my friend the gentleman from Georgia, but I was somewhat concerned about letting go into the RECORD the statement that these boys are receiving an education at the expense of the Government without having in the RECORD the further statement that they are educated as a part of our national defense.

Mr. VINSON of Georgia. Of course that is the purpose for which they are sent to the academy.

Mr. RICH. Will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. RICH. Does the gentleman think the taxpayers of the country would be satisfied to know that it is considered the right thing for Congress, under present economic conditions, to give these boys \$1,000 additional in view of the fact they are being educated by the Government at an expense of nearly \$15,000?

Mr. VINSON of Georgia. I do not.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. LAMBERTSON. Why not make this saving on further retirement of the older officers?

Mr. VINSON of Georgia. That is exactly what the Budget officials are doing, and I may state to the gentleman now that it is proposed to cut the Budget appropriation for the Navy in the neighborhood of \$55,000,000, and there will be other economies that must necessarily be made.

[Here the gavel fell.]

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHANNON. I will ask the chairman of the committee to state whether or not these boys were permitted to present their side of the case to the committee, and if it would not have been considered bad form for them to seek an opportunity to present their side of the case? I should also like to ask the gentleman if he does not believe that every boy in the Naval Academy at this moment considers that he has an equitable claim on the Government for this money?

Mr. VINSON of Georgia. I do not agree with the last statement at all.

Mr. Speaker, I ask for a vote.

Mr. SHANNON. Answer my first statement.

Mr. VINSON of Georgia. I ask for a vote, Mr. Speaker.

The SPEAKER. The question is on the amendment offered by the gentleman from Missouri [Mr. SHANNON].

The question was taken; and on a division (demanded by Mr. SHANNON) there were—ayes 64, noes 106.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. KVALE) there were—ayes 123, noes 47.

So the bill was passed.

On motion of Mr. VINSON of Georgia, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### ST. LAWRENCE WATERWAY

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 112, a privileged resolution, from the Committee on Rules.

The Clerk read as follows:

*Resolved*, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Joint Resolution 157, and all points of order against said joint resolution shall be considered as waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes of the time to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. BULWINKLE. Mr. Speaker, may I ask the gentleman whether there will be a roll call on this measure this afternoon?

Mr. O'CONNOR. I cannot answer that question. There may well be a vote this afternoon.

Mr. BULWINKLE. I should like to ask the chairman of the committee that question.

Mr. PARKER of New York. Mr. Speaker, I shall demand a roll call on the passage of the measure.

Mr. RAYBURN. Mr. Speaker, I think what the gentleman from North Carolina [Mr. BULWINKLE] is interested in, as well as several other gentlemen, is this: The rule, in all probability, will be debated for an hour, the bill will be debated for an hour, and the gentlemen are wondering whether the roll call would go over until tomorrow.

Mr. PARKER of New York. I shall not object to that.

Mr. RAYBURN. That is entirely agreeable to me.

Mr. SNELL. Is this a political engagement?

Mr. RAYBURN. Partially so; yes.

Mr. BULWINKLE. Then it is understood, Mr. Speaker, the vote will go over until tomorrow.

Mr. O'CONNOR. Mr. Speaker, this rule is brought in at the request of the Committee on Interstate and Foreign Commerce for the purpose of considering the resolution to provide for the proportion that the State of New York shall pay toward the cost of maintaining the St. Lawrence waterway.

Under the rule general debate will continue for 1 hour. The resolution will not be read for amendment and no points of order will lie against the resolution.

That is the form of rule requested by the committee, and we bring it to you in that shape.

As I understand it, the treaty between the United States and Canada with reference to the St. Lawrence waterway was signed July 18, 1932, and the ratification is now pending in the Senate.

In 1931 the State of New York created the Power Authority of the State of New York, when President Roosevelt was Governor. By unanimous vote of both houses of the legislature there was delegated to this corporate political entity the right to enter into contracts for the development of the St. Lawrence River in the interest of the State of New York.

In the development of the St. Lawrence waterway all the power sites are on the New York side and in the State of New York. The cost to the Federal Government is several hundred million dollars as its share of the cost of the development of the waterway for navigation and for power.

The Federal Government has entered into an agreement with the State of New York whereby the State shall use all the power developed on the New York side and contribute



to the cost of the navigation and power development. As I understand it, that cost will be about \$89,000,000.

Mr. TARVER. Will the gentleman yield?

Mr. O'CONNOR. Not for an intricate question that I may not be able to answer.

Mr. TARVER. I am asking this for information. The gentleman stated that the cost would be several hundred million dollars to the Federal Government. Can the gentleman make the statement a little more definite so that we may be advised how much it is going to cost the Federal Government?

Mr. O'CONNOR. I am sorry but I cannot answer that. I understand the total cost to the United States is about \$275,000,000. This resolution merely provides in advance of the ratification of the treaty that New York shall pay in accordance with the agreement for the use of the power developed on the New York side of the river. If the treaty is not ratified, the agreement is of no effect. If it is ratified, this resolution fixes in advance of the ratification the cost that has been agreed upon that the State of New York shall pay to the Federal Government.

Mr. EDMONDS. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. EDMONDS. Why do you bring this up now, when the treaty has not been ratified; why the hurry?

Mr. O'CONNOR. The Rules Committee was informed that there was an immediate need for the resolution, and I shall yield to the gentleman from Texas [Mr. RAYBURN], the chairman of the committee, to answer that question.

Mr. RAYBURN. The reason for reporting the matter now is to have this fixed between the United States Government and the State of New York so that they would know that it would be in effect if the treaty were ratified, and not wait until after the ratification.

Mr. EDMONDS. Will the gentleman kindly tell me whether it is not in effect an attempt upon the part of the House authorities to impress upon the Senate that the House is in favor of this measure?

Mr. RAYBURN. I do not know anything about the treaty; I never have read it. I do not think this has one thing on earth to do with the treaty. I think it is a matter of settling these rights as between the Federal Government and the State of New York so that they will know what their rights are when the treaty is under consideration.

Mr. EDMONDS. I do not see the use of settling any rights, when they have not any rights.

Mr. O'CONNOR. Mr. Speaker, all this discussion will be brought out in detail in debate upon the resolution. Just now this is a discussion on the rule. It does not go to the merits of the resolution.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. CULKIN. In line with the questions asked by my colleague, the passage of this resolution will enable the United States Government to know what the amount of its disbursement will be for the construction of this waterway; is not that true?

Mr. O'CONNOR. It will show what proportion of that cost New York will bear, and will determine that in advance. As I understand it, such a procedure is nothing exceptional.

Mr. DOUGLASS. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. DOUGLASS. In order to inform the Chairman of the Committee on Interstate and Foreign Commerce that we in New England are decidedly opposed to this St. Lawrence waterway project, and we are very much afraid that the adoption of this resolution before the treaty is accepted by the Senate will place this House in the attitude of approving the treaty. Does not the gentleman feel that by our action here today in the approval of this resolution we are practically, as the gentleman from Pennsylvania suggested, putting the House in the position of approving the ratification of the treaty?

Mr. RAYBURN. That is not my thought and I do not think it is the thought of the majority of the Committee on Interstate and Foreign Commerce.

Mr. DOUGLASS. Does not the gentleman think it will have that psychological effect?

Mr. RAYBURN. I cannot search the minds of other men. It does not appeal to me in that light.

Mr. O'CONNOR. Mr. Speaker, I might say that I know of several members of another body who will vote for this resolution who presently have no intention of voting for the ratification of the treaty, and the Record might well show that what we do here today is not to be taken in any sense as being in favor of the treaty at present pending in the other body.

Mr. DOUGLASS. The gentleman understands that the House will not have any chance or any constitutional right to vote on the treaty. That being the case, I want to know, and I want a definite answer, why, before that treaty is approved by the Senate, we in the House have to act in this manner? Why cannot we wait until that treaty is approved, if it is to be approved—and I hope that it will not be.

Mr. RAYBURN. I can state to the gentleman in a few words why the Committee on Interstate and Foreign Commerce considered this matter. It was a direct request, enclosing this resolution, in a letter from the President of the United States. I do not know anything about the controversy in New York and New England with reference to this matter. I have stated what I feel about it, however.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield in order that I might ask the Chairman of the Committee on Interstate and Foreign Commerce another question?

Mr. O'CONNOR. Very well, but this is the last question to which I shall yield as to the merits of the resolution.

Mr. WEIDEMAN. The gentleman is familiar with the treaty. In the original treaty, from a report sent out by, I think it is, the Power Authority of the State of New York, it was stated that the Aluminum Co. of America had a 25-percent diversion at a certain point in the river, the cost of the improvement to be paid for by this Government, guaranteeing a permanent flow of 25-percent diversion at that point. Does the gentleman know whether that is still in the treaty?

Mr. RAYBURN. I do not know anything about the treaty. I have never read it.

Mr. CULKIN. I will say to the gentleman that that provision has been eliminated.

Mr. O'CONNOR. Mr. Speaker, I am informed that the administration is in favor of the present passage of this resolution, and for sufficient reasons, in advance of the treaty. I know that the administration of the State of New York thinks it advantageous that these rights be fixed now and that the proportion be fixed in advance of the treaty.

Mr. MCGUGIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. MCGUGIN. The gentleman seems to be discussing the resolution. I am wondering whether in the course of the gentleman's remarks he will be good enough to enlighten us why it is necessary to bring in this resolution under this rule. I thought the gentleman was going to discuss the rule. The rule has a provision that we cannot even offer an amendment to the resolution.

Mr. O'CONNOR. I state again, as I said the other day in respect to this type of rule, that the particular form was requested by the legislative committee, the Committee on Interstate and Foreign Commerce, and there was no protest before the Rules Committee as to the form of the rule by Mr. McGugin's Republican colleagues on the committee. Therefore, the Rules Committee did what it was asked to do by the standing committee of the House.

Mr. PARKER of New York. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. PARKER of New York. What good would it have done if we had protested?

Mr. O'CONNOR. Well, the gentleman from New York [Mr. PARKER] was before the Rules Committee, and we did not hear him protest.



Mr. Speaker, I ask unanimous consent to insert at this point as a part of my remarks a letter from the Power Authority of the State of New York with reference to this matter.

**THE SPEAKER.** Is there objection?  
There was no objection.

THE POWER AUTHORITY OF THE STATE OF NEW YORK,  
New York City, April 22, 1933.

HON. JOHN J. O'CONNOR,  
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: The trustees of the power authority respectfully direct your attention to the importance to the people of the State of New York of the joint resolution, House Joint Resolution 157, which will be considered by the House under special rule on Monday, April 24.

The enactment of this resolution will mark the culmination of a long contest on the part of the people of our State for the right to utilize the great natural power resources of the St. Lawrence River. It will aid the homes, farms, and small businesses throughout the State to secure cheaper and more abundant electricity.

Under the law, enacted by the unanimous vote of both branches of the State legislature, approved by Governor Roosevelt April 27, 1931, the power authority is charged with the duty of carrying out the State's policy as defined in that act. The law specifically authorizes the power authority "to apply to Congress for legislation, or take such other action in the premises as it may deem necessary or advisable, in the furtherance of the project and for the protection of its rights and those of the State."

The law further directs the power authority to proceed immediately, in cooperation with the Federal Government and the proper Canadian authorities, to develop the International Rapids section of the St. Lawrence River. It imposes upon the trustees the duty of maintaining this power development as the inalienable possession of the people of the State.

The joint resolution which will come before you on Monday, April 24, specifically carries out this provision of the law of the State. It gives effect to a joint recommendation agreed upon during the last administration, under date of February 7, 1933, by the United States Army engineers and the power authority. It is confined to determining the ownership of the water power to be developed on the St. Lawrence River within the boundaries of the State of New York and fixing the division of the cost of the works as between the Federal Government and the State.

The joint resolution was introduced in both branches of Congress as an administration measure, but it is nonpartisan in character. It has the support of Representative SNELL, of New York, and other leading Republicans, as well as Democrats. Last Wednesday Senator WAGNER and Senator COPELAND, of New York, assured the trustees of the power authority that they would support this resolution in the Senate. The agreement which it embodies has the endorsement of Governor Lehman.

The resolution will enable the power authority to proceed under the State law to develop the water power within the boundaries of New York for distribution to domestic and rural consumers at the lowest possible rates.

Your attention is particularly directed to the fact that the issue involved in this joint resolution, i.e., State development of St. Lawrence power in the interest of low electric rates, has been a vital one in the State of New York for more than 20 years. The last three chief executives of the State—Governors Smith, Roosevelt, and Lehman—have made the public development of St. Lawrence power by the State one of the principal features of their economic programs.

Today the people of the State are demanding lower electric rates. The Board of Estimate of the City of New York has just voted unanimously to seek a reduction in utility rates in the city. Such a movement is under way in numerous other communities. Development of St. Lawrence power will create an abundant supply of electricity which can be so distributed as to assure lower rates throughout the State.

The purpose of the resolution is to protect and safeguard the rights of New York if the St. Lawrence Treaty is ratified. If it is not ratified, the joint resolution will be of no force or effect. A vote for the resolution does not, therefore, involve any commitment whatever with respect to the treaty. Its adoption will, however, for the first time give full Federal recognition to the right for which New York has been contending for a quarter of a century.

Whatever may be your attitude toward the treaty, therefore, we should be failing in our duty under the laws of New York if we did not urge you to support the resolution.

Very truly yours,

THE POWER AUTHORITY OF THE STATE OF NEW YORK,  
By DELOS M. COSGROVE, Vice Chairman.

Mr. DOUGLASS. Has the gentleman the letter from the President he received with regard to this matter?

Mr. O'CONNOR. No; I have never seen that letter.

Mr. WEIDEMAN. Will the gentleman yield for a question?

Mr. O'CONNOR. I yield.

Mr. WEIDEMAN. Does the gentleman know what the effect of the ratification of this treaty and the development of the St. Lawrence waterway will be upon water diversion

in the Great Lakes; for instance, the Sanitary District of Chicago?

Mr. O'CONNOR. I have no knowledge of that subject whatever.

Mr. Speaker, I reserve the balance of my time.

Mr. RANSLEY. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, I am going to take my time on the rule for discussion of the resolution itself and I would like to proceed for a few moments without interruption, and then if I have any time remaining I shall be glad to answer any questions that anyone cares to propound.

In order to intelligently discuss this situation I think it is proper that I should give a little history or background to show why this resolution is before us at the present time.

There has been a legal controversy between the State of New York and the Federal Government for at least 25 years, to my knowledge, relative to the rights of the State of New York in the rapids section, or where power can be developed, of the international boundary stream—the St. Lawrence River. That has not only been a controversial subject between the Federal Government and the State government but it has been a matter of politics in our own State for a great many years. About 3 years ago various men of both political parties became more sensible, and we definitely agreed upon a power policy for our State. The result was the establishment of the power authority of the State, and two of the principal objects were, first, to apply to Congress for legislation, or take such other action in the premises as it may deem necessary or advisable in furtherance of the project and for the protection of its rights and those of the State. This resolution here presented is for the protection of the rights of the State. Secondly, the power authority is directed to proceed immediately in cooperation with the Federal Government and the proper Canadian authorities to develop the international rapids section of the St. Lawrence River. The power authority of the State represents the citizens of the State of New York, and that authority was set up by the unanimous vote of both branches of our legislature.

While some of my friends may try to raise the issue that this action is not approved by our people, yet right there is definite proof of it. The power authority was set up for this special purpose. That legislation was passed by unanimous vote of both parties in both houses of the legislature.

As a result of practically 2 years' negotiations, conferences, and meetings of all kinds, the engineers of the War Department of the Federal Government and the engineers of the State of New York, the State Department of the Federal Government, and the power authority of our State have come to a unanimous agreement for determining the rights of the State of New York in this power situation. I will go into the definite rights a little later; but up to the present time, in private conversation or in the public press, I have never heard a single man criticize the terms of this agreement. So far as I know, it is absolutely fair to the Federal Government and fair to the State of New York. Furthermore, there is nothing political or partisan about it, as this agreement defining these rights has been approved by the State Department of two administrations and had the approval and support of President Hoover and, I am informed, has the whole-hearted support of President Roosevelt. When you consider the fact that a sovereign State and the Federal Government have been in controversy for 25 years and the legal representatives of both parties come to an amicable solution of the problem and a solution that is fair and just and right, it seems to me it is incumbent upon the Congress to ratify that agreement when they are in perfect agreement, and that is all we want you to do at the present time. We have enough controversial matters left to decide at a later time.

Let us see just exactly what the resolution provides, so that there can be no mistake on the part of Members of the House. It is a very short and very simple resolution. It consists of only two paragraphs.

Mr. PATMAN. Will the gentleman yield?



Mr. SNELL. Not just now. Later I will yield if I have time.

The first paragraph simply provides that the prior use of all the waters of the St. Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation. That simply says that the State of New York agrees to the contention that the Federal Government has always made in regard to navigable streams. So there can be no question as to the first part of the resolution.

Now, I wish Members would listen carefully to this second provision, because I want you to understand perfectly what is in it and all there is in it. The second section provides that in the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein, the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said power authority, shall be entitled to use for the generation of hydroelectric power all of the United States' share of the flow of the water in the international rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purpose of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, and so forth. It also further provides that no part of the United States' share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

In other words, the second resolve of this resolution simply provides that the State of New York, if the treaty is ratified, shall have the power that we claim belongs to the State of New York, by paying the Federal Government the cost of developing that power. Furthermore, that the title to this power shall remain for all time in the power authority, for the benefit of the people of the State of New York. That is all there is in this resolution. There is nothing hidden or covered up. It just settles a legal controversy in an amicable manner.

Now I want to explain just what this power authority is, so you will understand the whole proposition. This power authority was created under chapter 772 of the Laws of the State of New York, approved by Governor Roosevelt on April 27, 1931, and unanimously adopted by both branches of the legislature. The State set up the power authority as a corporate municipal instrumentality of the State, charging it with the development and control of the St. Lawrence power for the benefit of domestic and rural consumers through the distribution of hydroelectric energy at the lowest possible rates. The power authority is a body corporate and politic, a political subdivision of the State, exercising governmental and public powers, perpetual in duration, and capable of suing and being sued.

The statute further provides that the natural resources of the St. Lawrence River available for creation and development of hydroelectric power shall always remain inalienable to, and the ownership, possession, and control thereof shall always be vested in the people of the State of New York.

Mr. Speaker, I should like to insert in my remarks at this point the law setting up the power authority. It is very short.

Mr. Speaker, I ask unanimous consent to extend my remarks in the manner indicated.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

Chapter 772 of the Laws of 1931, creating the power authority provides as follows:

"SECTION 1. That part of the St. Lawrence River within the boundaries of the State of New York is hereby declared to be a natural resource of the State for the use and development of

commerce and navigation \* \* \* and for the creation and development of hydroelectric power.

"SEC. 2. For the purpose of effectuating the policy declared in section 1 and of improving the St. Lawrence River as an instrumentality of commerce and navigation and developing the hydroelectric power resources thereof, there is hereby created a corporate municipal instrumentality of the State to be known as 'The Power Authority of the State of New York.'

"SEC. 5. Forthwith upon the appointment and organization of the trustees \* \* \* the power authority, in cooperation with the proper Canadian authorities and those of the United States \* \* \* shall proceed with the improvement and development of the international rapids section \* \* \* for the aid and benefit of commerce and navigation and for the development of the hydroelectric power inherent therein. The power authority is authorized and directed:

"(1) To cooperate with the appropriate agencies and officials of the United States Government to the end that any project undertaken under the authority of this act shall be consistent with and in aid of the plan of the United States for the improvement of commerce and navigation along the St. Lawrence River, and shall be so planned and constructed as to be adaptable to the plans of the United States therefor so that the necessary channels, locks, and canals and other navigational facilities may be constructed and installed by the United States in, through, and as a part of the said project.

"(2) Negotiate with the appropriate Canadian authorities and agencies respecting the improvement and development of \* \* \* the St. Lawrence River for the aid and benefit of commerce and navigation and the development of the hydroelectric power therefrom \* \* \*. Such negotiations and agreements shall be conducted and concluded with due regard to the position of the United States in respect to international agreements and any such agreements as may be reached with Canadian authorities or agencies may be submitted by the power authority to Congress for its approval, if it be advised that such approval is necessary or desirable.

"(5) To develop, maintain, manage and operate that part of the project owned or controlled by it in such manner as to give effect to the policy hereby declared, namely, that the said project shall be in all respects for the aid and improvement and benefit of commerce and navigation in, through, along, and past the St. Lawrence River and the International Rapids section thereof, and that in the development of hydroelectric power therefrom the said project shall be considered primarily as for the benefit of the people of the State as a whole and particularly the domestic and rural consumers \* \* \*.

"(7) \* \* \* The Power Authority is specifically authorized to undertake the construction of said project in one or more steps as it may find economically desirable or advantageous and as it may agree with the appropriate Canadian and United States authorities.

"SEC. 6. The State of New York hereby consents to the occupation and use by the Power Authority of any and all property of the State \* \* \* within the International Rapids section \* \* \*, and hereby vests the Power Authority with and delegates to it the right to exercise any and every right and power of the State in connection therewith, \* \* \* provided that such consent and delegation of power shall not permit the infringement or limit or prevent the future improvement of the navigability of the International Rapids section of the said river, consistent with the maintenance of this project, but on the contrary, the project shall be such as will improve and benefit commerce and navigation therein. \* \* \*.

"SEC. 7. It is hereby found and declared that the project authorized by this act is for the aid and improvement of commerce and navigation, and that such aid and improvement of commerce and the development, sale, and distribution of hydroelectric power is in all respects for the benefit of the people of the State of New York for the improvement of their health and welfare and material prosperity and is a public purpose, \* \* \*."

Mr. SNELL. Let me now explain the agreement this resolution puts in force. It is a joint recommendation of the Power Authority of the State of New York and the Board of Engineers of the War Department, dated February 7, 1933, by which \$89,726,000 of the cost of the works in the International Rapids section of the St. Lawrence River will be assumed by the Power Authority of the State of New York. This will reduce the United States half of the cost of the works in this section of the river forming the boundary between the Province of Ontario and the State of New York from \$137,371,000 to \$47,845,000, or a reduction of 65 percent, representing the amount the State of New York will pay for this power.

This joint resolution allocates the cost on a basis which will permit the Power Authority of New York to compete on an equal footing with the Hydroelectric Commission of Ontario. It will make available 720,000 firm horsepower of electricity to rural and domestic consumers and to American industry in one of the most populous sections of this country, a part of the country that now has a developed market.

The adoption of the joint resolution will greatly reduce Federal costs and afford the United States the same advantage now held by Canada in determining capital expenditure and defining a policy for the development of water power; and it should be done in advance of the ratification of the treaty. The Dominion Government of Canada has already reached an agreement with the Province of Ontario authorizing the Hydroelectric Commission of this Province to conduct the power project on the Canadian side of the river under practically the same terms as those proposed between the United States Government and the State of New York. They are doing it in advance of the settlement of the treaty.

The question of the need for doing this may be raised. You must understand that this is the largest unit of undeveloped power in the northeastern part of the United States, and, as far as I know, it is the largest undeveloped unit of firm horsepower in continental United States.

One reason for doing this is that during the last 20 years many important American industries have been induced to locate plants in Canada because of an almost unlimited supply of cheap hydroelectric power available there. The migration of American industries has caused great economic loss to the United States. It has involved the transfer of millions of dollars of American capital to Canada, loss of employment to thousands of American citizens, and shrinkage of the American market for American food products.

If you look over the history of this whole situation, you will find that the opposition of the Province of Quebec to the development of the St. Lawrence River has always been frankly based upon a desire that the movement of American industry shall be allowed to continue.

In addressing the Quebec Legislature on January 13, 1932, Premier Taschereau said:

The pressing need of the United States is for power. Do you think we are ever going to get industrial development in the Province of Quebec by permitting the United States what she needs now for the development of her own industries? I have seen many captains of industry, so called, and they all tell me that same thing: keep your hydro power at home, and you will have American capital going into your Province for the development of industries and your Province will profit and progress.

The entire Nation is interested in preventing further migration of industries to any foreign country. It inevitably results in loss of taxes to the Federal Government, loss of employment to American workers, and loss of markets for the products of our farms. The people of every State of the Union, as well as those of the State of New York, are vitally interested in this problem and want to do what they can to halt the outflow of American wealth for the development of industries in the Canadian Provinces.

Another reason why this resolution should be adopted is that it is directly in line with the declared policy of the Federal Government that States and municipalities shall be granted preference in connection with the development and operation of water-power sites over which the Federal Government asserts control under the commerce clause of the Constitution.

This policy was embodied in the Federal Water Power Act of 1920, and has repeatedly received congressional approval in legislation applying to particular water-power projects.

I want to call to your attention further and have you keep in mind the fact that the agreement entered into was between the engineers of both parties, and, as far as I am able to find out, it is absolutely fair to both parties. No one has ever raised any objection to it. It is based on practical considerations and principles of equity rather than legal technicalities.

In closing I simply want to say it is the only large undeveloped natural resource available for power generation in the northeastern section of the United States, the most highly industrialized and densely populated section of the country.

The adoption of the joint resolution utilizes the public agency provided by a sovereign State for the disposition of the power to be developed in that State. It will perpetually

safeguard the public rights in the St. Lawrence River and provide an abundant supply of hydroelectric energy at the lowest possible cost for the benefit of rural and domestic consumers.

I now yield to the gentleman from Kentucky.

Mr. MAY. I want to call attention to the phraseology of the last proviso in the bill.

I may say, Mr. Speaker, I am very much in favor of the resolution and believe it is the proper thing for the Government to turn this over to the power authority, but in the study of the power-authority legislation of the State of New York, in the consideration of the Tennessee authority bill, there was a great deal of attention paid to the various provisions with respect to this matter. Technically construed, I believe the last proviso here will defeat, in a way, the object of the resolution. In line 23 of page 3 it is provided that none of the water of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power. I think there ought to be an exception or a further provision that this shall not be done except under the authority of the Power Authority of the State of New York.

Mr. SNELL. Under the law setting up the Power Authority of the State of New York, I think they cannot go any further than this. They can never do anything that alienates the title to this property from the authority or the citizens of the State of New York.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. MAY. If I may make one further observation, I think it ought to be unquestioned here that the Power Authority of the State of New York will control this matter.

Mr. SNELL. Absolutely; that is the basis of the whole proposition.

Mr. MAY. And a contract by which it would be permitted to manufacture hydroelectric power at these stations and then distribute it and sell it might be in conflict with the provisions which provide that the rights or the use of the water shall not be diverted.

Mr. SNELL. I do not want to take up all my time on this question, and I may say that this has been gone over very carefully by the engineers of the Federal Government and the engineers of the power authority, and I know the gentlemen on the power authority from the State of New York have given it most careful and well-considered attention and their heart is in this, and I believe the phraseology is correct.

Mr. MAY. But the legal phraseology may not be understood by the engineers.

Mr. SNELL. We had engineers and legal men also consider the matter, and I may say that the vice chairman of this power authority is one of the best attorneys in the State of New York. Unfortunately he happens to be a Democrat.

Mr. DINGELL. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. DINGELL. It is a conceded fact that the State of Michigan, as a watershed, yields most of the water involved here. What are the rights of Michigan, which is a great industrial State, insofar as taking part in the distribution of power?

Mr. SNELL. The gentleman has asked me a question I cannot answer.

Mr. DINGELL. It is unanswerable.

Mr. SNELL. I do not think it has anything to do with this proposition at the present time, for we are now dealing only with the water power in or adjacent to New York State.

Mr. DINGELL. Is it possible for the Commission established by the State of New York to divert a part of this power to the State of Michigan?

Mr. SNELL. They could sell it to the State of Michigan or the State of Massachusetts or the State of Pennsylvania.



I know of no restrictions. They will sell it at the best price possible.

Mr. DINGELL. That is exactly what I wanted to know.

Mr. SNELL. They can sell it to anybody who wants it, and can pay for it.

Mr. EDMONDS. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. EDMONDS. I have no objection myself to the treaty between New York and the United States. I think the question before us today is why it is brought up at the present time and what is the necessity for it now.

Mr. SNELL. Now is the time that the Federal Government and the State of New York are in entire agreement. They have been arguing this question for 25 years; and whenever you get two parties as important as a sovereign State and the Federal Government in agreement, that is the time to nail the matter down.

Mr. EDMONDS. Will they not be in agreement 30 days from now?

Mr. SNELL. I do not know, but they have this agreement now and I may say also that there is nothing partisan or political about this agreement. It was entered into by a Republican administration, and it has been approved by a Democratic administration. It had the approval of President Hoover, and it has the enthusiastic approval of President Roosevelt.

Mr. EDMONDS. As I have told the gentleman, I have no objection to it, but I do not understand the bringing up of the question at the present time.

Mr. SNELL. The time to determine these rights is when the parties are in agreement; and if they do ratify the treaty, the first question that is going to come up is with respect to the rights of the State of New York, and it should be determined now when we are in agreement about it, and then one of the hurdles of this important economic question will be settled.

Mr. EDMONDS. How long has it been since they have agreed upon it?

Mr. SNELL. Within the past week or 10 days.

Mr. EDMONDS. No; it has been longer than that.

Mr. SNELL. Well, it may be a little longer, but it has been just a short time.

Mr. EDMONDS. It was printed in a document here a month ago.

Mr. SNELL. The original agreement was made by a former State administration, but it was not entirely consummated at that time. It has been gone over and rechecked by the present administration, and they finally agreed on it, and about week before last final action was taken.

Mr. EDMONDS. The gentleman means the present administration of New York, and does not mean the present administration here?

Mr. SNELL. I mean the present administration here in Washington has approved this resolution.

Mr. CULKIN. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. CULKIN. Is not one of the reasons this matter is brought up now due to the fact that the President of the United States sent a letter to the chairman of the Committee on Interstate and Foreign Commerce?

Mr. SNELL. That is one of the reasons; yes.

Mr. ANDREWS of New York. Does the gentleman really believe it is essential that this resolution should be passed now before we know definitely whether the Senate is going to ratify the treaty?

Mr. SNELL. I think it is of great importance to the State of New York to have this question decided once and for all, and the unanimous vote of your own legislature said that this is what they wanted done, and that is what they set up this authority for.

Mr. PATMAN. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. PATMAN. I expect to support this resolution, but I should like to ask the gentleman this question: Has any treaty or agreement given or attempted to give to the

Aluminum Co. of America any franchise or right in connection with this waterway which would be at public expense?

Mr. SNELL. Absolutely not, as far as I know. I know that our power authority would not be in favor of it.

Mr. PATMAN. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman.

Mr. PATMAN. Has the gentleman noticed the report that the Aluminum Co. of America would profit considerably by this development?

Mr. SNELL. I do not understand how they would profit in any way.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. McDUFFIE. May I ask the gentleman what this project will cost the taxpayers of this country in the development of the St. Lawrence River?

Mr. SNELL. The total cost of waterway from Duluth to Montreal is \$543,429,000, and United States pays one half of the total.

Mr. McDUFFIE. That is outside of the expenditure of the State of New York?

Mr. SNELL. Oh, no; that is the total cost of the entire contemplated development.

Mr. McDUFFIE. I asked the gentleman the total cost of the project.

Mr. SNELL. That is the total cost, and the cost of the international section we are considering today is \$274,742,000 for power and navigation. Of this last amount the United States will pay \$137,371,000, but in turn will collect from the State of New York \$89,726,000, which will leave for the Federal Government only \$47,645,000 for its cost in the international section of the river.

Mr. McDUFFIE. Those are the figures that have been agreed upon?

Mr. SNELL. They have been agreed upon by both parties.

Mr. McDUFFIE. When were they arrived at?

Mr. SNELL. The estimate of cost was made in 1926, and it can be done for less now. I am told at least 25 percent less.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. O'MALLEY. The resolution seeks to determine the rate that New York shall pay in advance of the ratification of the treaty. There are other States affected by the ratification of this treaty. Why not determine those figures now?

Mr. SNELL. I know of no other State that has any water-power problem, and that is all we are dealing with today.

Mr. O'MALLEY. My State will be affected.

Mr. SNELL. In what way and what does your State want?

Mr. O'MALLEY. To determine its rights on the diversion of water.

Mr. SNELL. Mr. Speaker, in this brief statement I have tried to put plainly before the House the very simple problem we have before us; that is, that the State of New York and the Federal Government have agreed and defined the rights of both parties, in and to the water power to be developed in the international section of the St. Lawrence River, and I honestly believe it in the interest of all parties concerned for Congress to now pass this resolution ratifying and approving this agreement. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, in casting my vote for this resolution I want the RECORD to show that I am not voting on the merits of the treaty. This is a good resolution. It must be when the gentleman from New York [Mr. SNELL], the minority leader, and the gentleman from New York [Mr. O'CONNOR] are agreed. [Laughter.]

A vote for this resolution must not be construed as endorsing the treaty.

The part of the resolution that is pleasing to me is the proviso on page 3. As I understand it, if the canal is constructed the waters of the International Rapids section will

always be preserved for the people, never to be sold or leased to individuals or a corporation.

Mr. GOSS. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. GOSS. I call the gentleman's attention to the language of the proviso:

That no part of the United States' share of the water in the International Rapids section on the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

It excludes them from the benefit of it.

Mr. COCHRAN of Missouri. That is just exactly what I said. I said that this is for the benefit of all the people. Is not that correct?

Mr. GOSS. I do not think so.

Mr. COCHRAN of Missouri. Then I shall ask the gentleman from New York [Mr. SNELL] what is meant by this proviso starting in line 21. Does it mean that the Power Authority of New York will forevermore control the waters for power purposes and cannot lease the power to corporations? It will hold it for the benefit of the people?

Mr. SNELL. The title to this power plant and all the works must forever remain in the power authority, which represents the people, the citizens of the State of New York.

Mr. COCHRAN of Missouri. That is exactly what I stated, and that is the reason I propose to vote for the resolution. [Applause.]

As to the canal or the treaty, I confess I know little about it. The people of the section of the country where I come from have had some experience with one canal. It is impossible to estimate the damage to the great Mississippi Valley that has resulted from the construction of the Panama Canal. The amount of commerce that has been lost to my city, St. Louis, cannot be estimated, and as I said, though I know little about this project, I think that, too, is going to interfere with our commerce. It is going to be beneficial to a certain section of the country, but it is going to injure the Middle West, and I think a careful study will so disclose to anyone.

Mr. CULKIN. Is not the theory of this canal largely based upon the proposition that its construction will equalize matters for the Middle West and offset the damages done by the Panama Canal construction?

Mr. COCHRAN of Missouri. That was the story that we were told about the Panama Canal, but what was the result?

Mr. CULKIN. But it was inevitable that the Panama Canal would hurt the interior of the country. This, however, affords the Middle West an outlet through the Great Lakes to the sea, and brings the sea 1,000 miles inland. It is bound to reduce carrying charges in the western country.

Mr. COCHRAN of Missouri. In my estimation it will result in that the leading metropolis of the United States in the future will be in Chicago. Commerce will stop there, it will be Chicago that will probably secure more benefit than any other section.

Mr. CULKIN. I think the gentleman differs from all other economists on this question.

Mr. COCHRAN of Missouri. Probably so, but I know that the people of my city have been before the Senate Committee on Foreign Relations opposing the ratification of the treaty. The Panama Canal and I might also say, the intercoastal canals in Texas, have taken many millions of tons of commerce away from my city. Freight is diverted through the canal from the East to West and West to East. Before the construction of the canal the freight came through our section of the country. We could ship years ago in competition with the East and West to any part of the country, but now we are at a great disadvantage. We have lost our trade territory.

Again I say my vote is not an endorsement of the treaty but in supporting this resolution I feel if the treaty is ratified then we will save the power sites for the general public. If this resolution is not passed and the treaty ratified no telling what will happen. [Applause.]

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. PARKER].

Mr. PARKER of New York. Mr. Speaker, the gentleman from New York [Mr. SNELL], has given you a very good picture of what has happened. I am a New Yorker, and far be it from me to say anything that would be detrimental to New York State. This agreement that was made is as advantageous to New York as any treaty that could possibly be made. The average cost of horsepower produced under this treaty will be \$9.11. The Aluminum Co. of America are paying at Messina, just above where this power starts, \$15 per horsepower on a 20-year agreement. If that is not a good deal for New York, then I do not know what is, but my proposition is that this agreement has no place before the House of Representatives at this time or until the treaty has been ratified. There is no more reason for our sitting here today or tomorrow and passing this resolution than there is for trying to lift ourselves by our bootstraps because it is entirely dependent upon the ratification of the St. Lawrence Canal Treaty.

Some of you gentlemen do not know what the St. Lawrence Canal Treaty carries with it. Let me read to you part of section 3 of the St. Lawrence Canal Treaty.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. SNELL. The gentleman does not intend to give the House the impression that that treaty is before it at the present time?

Mr. PARKER of New York. I do not.

Mr. SNELL. Why not confine yourself to the matter before the House.

Mr. PARKER of New York. Will the gentleman give me time to lead up to my argument?

Mr. SNELL. That is not an answer to the question.

Mr. PARKER of New York. Of course, it is not directly, but it is decidedly so indirectly. The Federal Government is to pay for all the improvements, for every dollar of improvement in the Canadian rapids. The Canadian Government, of course, is to build its own power houses, but the Federal Government is to pay absolutely all the expenses, and when you get over the Canadian line the treaty provides:

That insofar as is possible in respect to the works to be constructed by the Commission the party thereof within Canadian territory or an equivalent proportion of the total of the works, shall be executed by the Canadian engineers and by Canadian labor.

And paid for by American money! In answer to the gentleman from New York as to why I say that, let me say that the treaty between Canada and the United States has not as yet been ratified.

It is before the Senate, and if you will take the trouble to read the CONGRESSIONAL RECORD you will find that the Democratic Party in the Senate has been polled as to their attitude on the ratification of the treaty. That was brought out the other day in debate by Senator LONG.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. PARKER] has expired.

Mr. O'CONNOR. Mr. Speaker, I yield to the gentleman from New York 2 additional minutes.

Mr. PARKER of New York. In the debate, in which Senator LONG said the Democratic Members of the Senate were being polled on this proposition, exception was taken by the Senator from Illinois, but the chairman of the Foreign Affairs Committee got up and acknowledged they were being polled, and said that the Senator from Illinois was incorrect.

Now, the reason this resolution is before us, advantageous as it may be to New York, is solely and simply for the effect it will have on the other body in the ratification of the treaty that is before the other body. Why? Because New York State agrees to appropriate \$89,000,000 toward the completion of the canal, which brings the Federal appropriation down to \$186,000,000 instead of \$257,000,000. It is very much easier to ratify a treaty in the Senate carrying an appropria-



tion of \$168,000,000 than a treaty carrying an appropriation of \$257,000,000.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia [Mr. RAMSAY].

Mr. RAMSAY. Mr. Speaker, I do not know much about treaties with New York. I am not interested in that; but, coming from a State where we have potentialities in water power, having in two of our rivers very nearly a million horsepower, we are interested in the great principle that underlies this bill—that is, that the water power of the Union and of every State shall remain the property of the people. That is the great principle in this bill that tends to carry out the last platform of the Democratic Party and the Republican Party that water power should be conserved in the interest of and for the people. As I say, we have nearly a million horsepower in two of our rivers in West Virginia. We have practically all the water power in the Appalachians. Today our legislature is considering the passage of a law modeled after the famous law of New York that will forever place all water power in the interest of the people of West Virginia.

We have had quite an experience in West Virginia on water power. A few years ago our legislature passed a water-power bill, and after the bill was passed somebody wrote into the bill a provision that took all the rights away from the people and placed them in some water-power interest of West Virginia. If it had not been for the Supreme Court of West Virginia which took that provision out, we would not today be much interested in the welfare of this project.

Mr. EDMONDS. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. EDMONDS. The gentleman's State is a coal State, is it not?

Mr. RAMSAY. Yes; and we have water power, too.

Mr. EDMONDS. Of course the gentleman realizes that every horsepower displaces from 3 to 5 tons of coal annually?

Mr. RAMSAY. I know that one of the great water powers in my State is a few miles back of Morgantown on the Cheat River, on what is known as Cheat Lake, and that the mountainside there is teeming with coal all around it. They develop their power with water power because they can do it vastly cheaper than they can by the consumption of coal.

Mr. EDMONDS. The gentleman will then agree that he is willing to give up coal mining to get water power?

Mr. RAMSAY. I am not willing to give up our coal interests, no; but I want to preserve the water-power interests in favor of my people in my State. I do not want the people of my State to pay three times as much for electricity as they ought to pay, and as they are doing now. In Canada you can buy electricity for one third what we are paying in West Virginia, where the gentleman claims we have coal in every hill and water power in every rill.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. WEIDEMAN. In other words, Canada has some advantage on us in the matter of selling this water power, and we are not giving them labor advantages in this very treaty? In other words, every bit of this canal that is to be built on Canadian waters is to be built by Canadian labor, but when it comes to the American territory, there is equal division of labor. Is the gentleman in favor of that?

Mr. RAMSAY. Canada has the advantage of us because the Government of Canada has developed the water powers, while in America we have been willing to turn them over to private interests.

Mr. CULKIN. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. CULKIN. Replying to the inference left by the gentleman from Michigan [Mr. WEIDEMAN], it is a fact that the last President of the United States and the present President, Mr. Roosevelt, who is intimately familiar with this problem, were and are definitely in favor of this treaty.

Mr. RAMSAY. I understand that. I do not know much about that, but I do know that both the Democratic Party and the Republican Party in their last conventions were pledged to the conservation of these rights in the interest of the people for all time.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. COOPER of Ohio. The bill we are considering today has nothing at all to do with the treaty?

Mr. RAMSAY. I am not discussing the treaty.

Mr. COOPER of Ohio. But the gentleman from New York spoke about the treaty, and this bill has nothing to do with the treaty whatsoever.

Mr. RAMSAY. Of course, the gentleman from Ohio [Mr. COOPER] is correct. Congress has nothing whatever in the world to do with the treaty that is now being sought to be made between Canada and the United States as to the extension of the improvements in the St. Lawrence waterway. That question is one for the President, with the consent of the United States Senate, to settle, and I believe we in the House have confidence that the President and the United States Senate will not permit the interests of the United States and the State of New York to suffer in the settlement of this treaty. The treaty question in this issue is injected as a mere blind and as an excuse to oppose the extension of this great waterway, which will mean so much to the people of the United States. Not only is it carrying out the well-known campaign issue of the President of the United States, but it is carrying out the great principle that the water powers of the United States shall be conserved for and in the interests of the people.

The gentleman from Pennsylvania [Mr. EDMONDS] has said that the development of every horsepower of electricity will displace from 3 to 5 tons of coal annually. Even if this be true, the water powers of the various States are sure to be developed and are sought to be developed. The great hydroelectric power interests are straining every nerve and doing everything within their power to secure control of the great undeveloped water powers in my State.

I can see little difference in the production of coal whether this electricity be developed by special interest or by the State itself. In either way it will have the same effect upon the mining of coal, but it will have a vastly different effect upon the interests of the people.

The electrical rates in West Virginia today are probably the highest that are charged in America, yet we have untold power going to waste that could develop sufficient electricity to supply every legitimate interest in the State, and that would develop the State and cause cities to spring up in the valleys that are now used for waste lands or for farms. It would and could develop such power at an extremely low cost.

Last year while I was in Ontario, Canada, I met a gentleman who claimed to be a cousin of the president of the greatest steel industry in my district, Mr. Follansbee. He claimed that while he was still an American he lived in Ontario because he could buy his electricity and everything else much more cheaply than he could in the United States, and claimed that he was buying electricity for domestic use at 2 cents per kilowatt-hour. In my own State I believe the average cost for domestic consumption is around 7 cents per kilowatt-hour.

I have spoken of the water power that can be developed in the Cheat River and along the New River, yet these are not all the water powers located within the State. The Black Falls, of Tucker County, is one of the finest sites for the development of water power in America, which is located in nearly the exact center of the State. The Potomac and Southern Branch of the Potomac also have potentialities. In fact, West Virginia is blessed with more water power than all of the other States in the Appalachian chain of mountains put together. Therefore I am interested in this great principle of the development of water power in the interest for and on behalf of the people, knowing full well that the adoption of this measure and the measure that we adopted

yesterday for the development of Muscle Shoals will awaken my people in West Virginia to the urgent need and necessity of requiring their legislature to take some action that will preserve and develop these great natural resources for and on their behalf.

The SPEAKER pro tempore. The time of the gentleman from West Virginia [Mr. RAMSAY] has expired.

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, we in Michigan are very much interested in the development of the St. Lawrence deep waterway. I want to say at this time that the average person resident in the United States, particularly in the eastern seaboard, is not familiar with the amount of benefit that will accrue to the people of the Central West and the agricultural interests of the Northwest, and I may include St. Louis in the area that will benefit. St. Louis need not worry over possible detrimental effect. We can also assure my colleague from Missouri that Great Lakes shipping will not ask for any subsidy, as was necessary to maintain the Mississippi-Warrior Barge Line. Michigan's prosperity will radiate to the Middle West and will engulf St. Louis. I predict—and I base my prediction upon figures secured from reliable sources—that within a few years after the development of the St. Lawrence deep waterway this river will become the greatest artery of commerce in the world.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. DINGELL. I yield.

Mr. WEIDEMAN. What single thing has the city of Detroit to export through a seaway at this time?

Mr. DINGELL. The gentleman had better post himself on facts. Detroit is still one of America's great ports of outlet, for the city of Detroit has automobiles, stoves, pharmaceutical products, adding machines, paints, malleable iron, machinery, and scores of other products to export. The State of Michigan has copper, iron ore, and steel that await cheap water transportation.

Mr. WEIDEMAN. Does not the gentleman know that Mr. Ford has built an automobile plant in England; and does he not know General Motors has a plant in England and a plant in Germany? Mr. Ford makes his tractors so cheap in Ireland that he ships them back to this country and sells them cheaper than we can manufacture them here. [Applause.] Does not the gentleman know we have not one single thing in the city of Detroit or the State of Michigan to export?

Mr. DINGELL. Is the gentleman arguing with me, making a speech on my time allotment, or playing politics?

Mr. WEIDEMAN. I am interrogating the gentleman.

Mr. DINGELL. I realize your questions are made because they are going into the Record, and I want to call your attention to what the waterway will mean to Detroit. I am sorry because I have allotted to me the brief span of 3 minutes, and it would require an hour of recitation to enumerate the many products Detroit and Michigan have for export.

Before going further into this subject let me correct my colleague as regards Ford and his tractors. Their manufacture has long ago been discontinued in Ireland. So that question affords no basis for debate. However, the gentleman will recall my prophecy after the St. Lawrence is deepened.

Within the next 20 years Detroit will be the third largest city in the United States and one of the world's foremost ports. It is for that reason that the eastern seaboard and the southern portion of the United States have heretofore opposed this plan. They fear the effect upon their own ports. As a matter of fact the chief opposition will come from a certain city which fears that the rail center will be shifted to Detroit in the event the Tidewater Congress plan of deepening the St. Lawrence is completed.

The farmers, the iron mines, the copper mines, the automobile industry of Michigan will benefit. The automobile industry of Michigan will ship more cheaply our automobiles into France, England, and other nations where trade barriers at present keep them out.

I say frankly we need not fear what result this may have on Detroit. If we are well informed on the subject, we know it means a great deal toward reviving the greatest manufacturing center in the world to its former greatness, and no Detroiters should get up here and attack this bill. This is the biggest single thing that can happen to benefit Detroit real estate, Detroit taxpayers, and the people of Michigan.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. Not to let the gentleman play politics and ask irrelevant questions. I am dealing with matters of economics and of statesmanship which affect our constituencies. The city of Detroit will become the greatest port outside of possibly New York in less than 5 years following the completion of this international highway.

Mr. WEIDEMAN. Does the gentleman realize he is covering a lot of territory?

Mr. DINGELL. Yes, I do; but here my colleague does not. I am voting for the St. Lawrence waterway.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I object particularly to bringing this resolution in at this time, because it seeks to determine the rights of the State of New York in the benefits of the St. Lawrence waterway in advance of the ratification of the treaty.

If we adopt the rule, we are prevented from amending this resolution to determine and protect the rights of other States affected by the Great Lakes-St. Lawrence waterway. [Applause.]

My particular State is just as much interested in the St. Lawrence waterway as the State of New York, and it has just as much justification to have its rights determined in advance of the ratification of the treaty as the State of New York has.

This is no time for the consideration of this resolution.

If the House passes it, notice is served on the Senate that the House is in favor of the Great Lakes-St. Lawrence Waterway Treaty. If we defeat it, the action likewise serves notice on the other body that we do not particularly favor the St. Lawrence Waterway Treaty and the ratification of that treaty.

I believe this rule should be defeated, because this resolution has no place at this time in this legislative body.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. O'MALLEY. I yield.

Mr. WEIDEMAN. This rule could be brought up for consideration just as well after the ratification of the treaty as now.

Mr. O'MALLEY. Absolutely.

Mr. WEIDEMAN. Did the gentleman ever hear of a law being passed to determine the rights of people before the law which gives them the rights is even passed?

Mr. O'MALLEY. Never before.

[Here the gavel fell.]

The SPEAKER. All time has expired.

Mr. O'CONNOR. Mr. Speaker, before I move the previous question I should like to announce that there will be a meeting of the Rules Committee immediately.

Mr. Speaker, I move the previous question on the adoption of the rule.

The question was taken; and on a division (demanded by Mr. DOUGLASS) there were—ayes 53, noes 22.

So the previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. DE PRIEST. Mr. Speaker, I make the point of order there is not a quorum present.

Mr. RAYBURN. Mr. Speaker, will the gentleman withhold his point of no quorum for a moment?

Mr. DE PRIEST. I will reserve the point for a moment.

Mr. RAYBURN. If the point of no quorum is insisted upon I shall feel obliged, in order to keep faith with many



Members who were assured the joint resolution would not be voted on today, to move that the House adjourn. This might inconvenience a great many of the Members who are here and might inconvenience the leadership in its program. However, if the point of no quorum is insisted upon, I shall move that the House adjourn, in order that we may keep faith with the Members who went away.

Mr. O'CONNOR. Mr. Speaker, there was an understanding with the leadership on both sides of the House that no vote would be had on the joint resolution today; that the vote would go over until tomorrow.

Mr. DE PRIEST. Mr. Speaker, in view of the agreement that the joint resolution would not be voted upon today, I withdraw the point of no quorum.

The resolution was agreed to.

The Clerk read as follows:

Joint resolution providing for the use of the water of the St. Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada

Whereas the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, signed at Washington, July 18, 1932, has been favorably reported by the Committee on Foreign Relations and is now before the Senate of the United States for ratification; and

Whereas the treaty provides for the improvement of navigation from the interior of the Continent of North America through the Great Lakes and the St. Lawrence River to the sea, with the development of the waterpower incidental thereto; and

Whereas it is desirable that, prior to the ratification of said treaty, there should be a definite allocation of the power to be developed on the United States side of the International Rapids section of the St. Lawrence River and a determination of the division of the cost of the works in that section for navigation and power; and

Whereas the State of New York, recognizing the superior rights and authority of the Federal Government with respect to navigation, has presented substantial claims to the power to be developed by the flow of the water of the St. Lawrence River within its boundaries and, by act of its legislature, has created the Power Authority of the State of New York as a corporate municipal instrumentality charged with the development and control of the power for the benefit of domestic and rural consumers through distribution at the lowest possible rates; and

Whereas the Committee on Foreign Relations, in reporting the treaty to the Senate, has recommended that the State of New York should be accorded the power upon the payment of so much of the total cost of the improvement therein as is justly allocatable to power development; and

Whereas the United States engineers and the Power Authority of the State of New York have, as a result of a series of conferences, entered into a joint recommendation with respect to the allocation of cost of the works in the international rapids section of the St. Lawrence River for power and navigation, which is embodied in a memorandum dated February 7, 1933: Therefore be it

*Resolved, etc.,* That the prior use of all the waters of the St. Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation; and be it further

*Resolved,* That in the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein, the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said Power Authority, shall be entitled to use for the generation of hydroelectric power all of the United States' share of the flow of the water in the international rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, together with the lands upon which they are situated, in consideration of the payment of its share of the cost as determined in the joint memorandum above referred to: *Provided,* That no part of the United States' share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

Mr. PARKER of New York. Mr. Speaker, I yield myself 5 minutes to complete my argument.

To tie up this resolution we are discussing with the treaty, I want to repeat that the State of New York is to furnish \$89,000,000 of the money, which will expedite the ratification of the treaty on the other side of the Capitol, as you all know, and this is the sole purpose of bringing up the resolu-

tion at this time, because there is no New Yorker who is foolish enough to oppose the resolution on the face of the resolution itself.

New York is getting a good proposition out of this; but if the House of Representatives goes on record as favoring any part of the St. Lawrence waterway, as you all know, it will certainly have a bearing and an effect on the gentlemen at the other side of the Capitol.

Now, let us come to the commercial part of this for a moment. Every single dollar's worth of freight that goes over the St. Lawrence Canal more than is now exported from the port of Montreal comes from where? It comes from every single port from Portland, Maine, to Galveston, Tex. It comes out of the American public and comes out of the American ports, and, besides all this, it restricts very materially the water that you gentlemen want down in the Mississippi River, in the so-called "Chicago Drainage Canal", to complete your improvement there, and makes that absolutely impossible.

Mr. CULKIN. Will the gentleman yield?

Mr. PARKER of New York. I have not time to yield now and must decline.

The gentleman from New York spoke of Montreal. The treaty specifically provides that there shall be two levels of water, one above Montreal and one at Montreal, so as not to interfere in the slightest with the commerce of Montreal. In other words, if there ever was a one-sided bargain made, we have made it in this treaty, I believe, because there is not a port, as I have said, from Portland, Maine, to Galveston, Tex., on the Atlantic coast that is not going to be seriously affected if the St. Lawrence waterway goes through and is a practical success. I have very grave doubts that it will ever be a success.

Mr. DOUGLASS. Will the gentleman yield for a question there?

Mr. PARKER of New York. Yes.

Mr. DOUGLASS. Is the gentleman willing that all ports on the Atlantic coast should be destroyed for the benefit of the St. Lawrence Canal?

Mr. PARKER of New York. My remarks were just the opposite.

Mr. DOUGLASS. The gentleman said they would be seriously affected. They would be seriously affected by the loss of business, would they not?

Mr. PARKER of New York. Yes.

Mr. DOUGLASS. And does the gentleman approve of that?

Mr. PARKER of New York. That is what I meant to imply and what I protested against. I am against this resolution.

Mr. DOUGLASS. I am glad of that.

Mr. PARKER of New York. I am very sorry that I have not made myself plain. There is not a port on the Atlantic seaboard or in the Mississippi Valley that will not be very seriously hurt by the adoption of the treaty, and this is the first step toward adopting the treaty.

Mr. DOUGLASS. I agree with the gentleman.

Mr. PARKER of New York. We might just as well get down to cases and understand what we are doing. There is a reason for bringing this resolution in here now.

[Here the gavel fell.]

Mr. PARKER of New York. I yield myself 2 more minutes.

The reason for bringing this resolution in here at this time and passing it through the House, as I understand you will undoubtedly do, because with your overwhelming majority you can force it through, is to have an effect on the other body and bring about a ratification of the St. Lawrence Treaty.

Mr. HOLMES. The gentleman has called attention to the fact that the State of New York is going to contribute \$89,000,000 to this project.

Mr. PARKER of New York. Yes.

Mr. HOLMES. What is the share of the Federal Government toward the cost of completing this entire work—about \$168,000,000?



Mr. PARKER of New York. If we should pay 50-50, our national expense would be \$256,000,000, and with the contribution of \$89,000,000, or practically \$90,000,000 from New York State, the Federal appropriation is \$168,000,000, and that is why I say this is put through to affect the attitude of gentlemen on the other side of the Capitol.

Mr. CULKIN. Will the gentleman now do me the courtesy to yield?

Mr. PARKER of New York. Yes.

Mr. CULKIN. Is it not a fact that there would be a further reduction on construction costs of 25 percent? Does the gentleman know that that is the fact?

Mr. PARKER of New York. You mean under the estimates?

Mr. CULKIN. Yes; under the estimates.

Mr. PARKER of New York. No; I do not.

Mr. CULKIN. Well, that is the fact.

Mr. PARKER of New York. I do not think so.

Mr. CULKIN. This type of construction at the present time is being built at 50 percent of the estimates, so that 25 percent is a conservative figure and will save something like \$40,000,000 additional.

Mr. PARKER of New York. Suppose it does; the proportion of contribution between the Federal Government and the State remains the same.

Mr. GOSS. May I ask the gentleman if he does not think it is a significant fact that the gentleman from Tennessee [Mr. McREYNOLDS], chairman of the Committee on Foreign Affairs of the House, introduced this bill? I mean significant as far as its effect with respect to the treaty on the Foreign Relations Committee of the Senate is concerned.

Mr. PARKER of New York. No one could have been more emphatic than myself in saying that I believe the sole purpose of this resolution is to effect a ratification of the treaty.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I yield myself 1 minute. It was thought by the people who were responsible for this resolution that it should go to the Committee on Foreign Affairs, but that committee did not have jurisdiction. That is the only reason that I can give. Now, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, the effect of the passage of this resolution will be to give effect to a joint recommendation or agreement between the United States Engineers and the Power Authority of the State of New York, dated February 7, 1933, allocating the cost of the construction of the Great Lakes deep waterway over the so-called "international section" of the St. Lawrence River between the United States and the State of New York.

It should be kept in mind that this resolution has no effect at all unless the treaty between Canada and the United States for the improvement of this waterway is subsequently ratified by the Senate. It is only effective in case the treaty is ratified.

The recommendation of the engineers of the Federal Government and the Power Authority of the State of New York has two features in it. It fixes the amount the State of New York shall pay toward the expense of the waterway for the water-power rights on the American side of the river and it settles for all time the right of the State of New York, through the power authority, to control the water-power development on the American side of the river. In other words, it provides very definitely that private water-power interests cannot acquire or develop any of the hydro-electric power on the American side of the river after the improvement or construction of this waterway.

Mr. PARKER of New York. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. PARKER of New York. Does the gentleman mean to say that the Federal Government and the State of New York cannot change the treaty any time they wish?

Mr. MAPES. The United States and Canada could change the treaty if they saw fit to do so, and it would take the affirmative action of the Congress and the Legislature of

the State of New York to change this agreement after it has been adopted or entered into by both parties.

Mr. PARKER of New York. That is what I mean.

Mr. MAPES. They could change it if they saw fit, but it would take a definite statutory enactment by the Federal Government and the State of New York to do so.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. MAPES. I am sorry, I have not the time. The direct money benefit to the United States by the adoption of this resolution will be \$89,000,000, plus. In other words, the State of New York agrees to contribute that amount to the cost of the waterway if we adopt this resolution.

My colleague from New York [Mr. PARKER] argues that the adoption of this resolution will assist the ratification of the treaty in the Senate. That may be. I do not know; but if it does, it seems to me a wise thing to do. It certainly can do no harm. It binds the State of New York to contribute \$89,000,000 toward the expense of the improvement of this waterway. Why should not the Federal Government take advantage of it.

Mr. DOUGLASS. Will the gentleman yield?

Mr. MAPES. I cannot yield, for I have only a short time. I am for this resolution. I voted to report it in the Committee on Interstate and Foreign Commerce. But I want to call attention to one feature of the agreement which it proposes to put into effect.

The resolution was introduced and referred to the Committee on Interstate and Foreign Commerce, and some of us did not have a chance to study it carefully before hearings were had upon it. I have been looking over the hearings before the Senate committee since the hearings were held before the House committee, and I want to call attention to one feature of the agreement between the Federal Government and the State of New York which I think ought to be corrected before the resolution becomes effective.

Paragraph 5 of that agreement says:

In the event that the State of New York elects, the United States assumes responsibility for the construction of the works in their entirety at a cost to New York representing the sum of the costs above set forth, or a total of \$89,726,000, provided that if the actual cost be less than this amount, New York will receive the benefit of the said savings.

The estimates were based on 1926 prices, and upon cross-examination General Pillsbury, the Assistant Chief of Engineers, said that he thought there was no question but that the actual cost of the improvement would be less than the \$89,000,000. In that event the State of New York would get some reduction. But there is no provision in the recommendation of the engineers—and this is the point I wish to call attention to—for a situation which would arise if the cost of the New York share should prove to be more than \$89,000,000. The agreement does not require the State of New York to stand its proportionate share of the increased cost in that event, as it ought to do. In the hearings before the Senate committee the junior Senator from Michigan [Mr. VANDENBERG] asked General Pillsbury this question:

Senator VANDENBERG. Then we guarantee the upset price of even the power works which are to be executed within the control of the State of New York.

General PILLSBURY. We can safely do that on the basis of present currency values.

Senator GLENN. But you do not know what will happen to present currency values before this is completed.

On page 1017 of the Senate hearings General Pillsbury reiterated:

The estimates in this report are really very conservative indeed. I see no reason why there should be an excess, unless there is a depreciation of the currency.

Inflation of the currency becomes more and more threatening, and it may be that \$89,000,000 will not represent New York's proportionate cost of the improvement when the work is done. I think before this agreement is finally ratified in the Senate there ought to be some provision taking care of that situation.

Some reference has been made here this afternoon to the Aluminum Co. of America and its rights to the water power along the St. Lawrence River. I read from the statement



of Delos M. Cosgrove, vice chairman of the Power Authority of the Port of New York, in his testimony before the House Committee on Interstate and Foreign Commerce on Thursday of last week, April 20, 1933:

During the past 20 years many important American industries have been induced to locate plants in Canada because of the almost unlimited supply of cheap hydroelectric power available there.

Foremost among these is the Aluminum Co. of America, which built a huge plant and power development in the Province of Quebec.

This migration of American industries has caused great loss to the United States. It has involved the transfer of millions of dollars of American capital to Canada, loss of employment to thousands of American workmen, and shrinkage of the American market for food and other products.

The opposition of the Province of Quebec to the development of the water power of the St. Lawrence River within the State of New York is frankly based upon a desire that this movement of American industry to Canada shall continue.

The witness then went on to quote from a statement of Premier Taschereau, of the Quebec Legislature, which the gentleman from New York [Mr. SNELL] quoted here this afternoon, to establish the fact that that is the attitude of the Province of Quebec toward this improvement. Premier Taschereau said:

The pressing need of the United States is for power. Do you think we are ever going to get industrial development in the Province of Quebec by permitting the United States what she needs now for the development of her own industries? I have seen many captains of industry, so called, and they all tell me the same thing: "Keep your hydro power at home and you will have American capital going into your Province for the development of industries, and your Province will profit and progress."

This is not a sectional matter. As stated in the report of the Senate committee, "The enterprise is in the very strictest sense national in its scope."

It comes with poor grace for those interested in Atlantic and other ports to oppose the passage of this resolution on the ground that it will injure their ports, in view of the assistance they have received from the Federal Government.

Quoting again from the report of the Committee on Foreign Relations of the Senate:

Philadelphia is 80 nautical miles from the open sea and has \$52,000,000 of Government money spent toward the improvement of that stretch of water leading up to its docks. Organizations in the city of Baltimore sent briefs in opposition to the treaty. It has had \$13,500,000 from the Federal Treasury to enable it to secure the preeminence it has attained as an ocean port. \$58,393,978 of the national revenues to which the States tributary to the Great Lakes have contributed have gone into the improvement of New York Harbor. Albany and Buffalo have had, respectively, \$18,000,000 and \$8,600,000.

The SPEAKER pro tempore (Mr. ADAIR). The time of the gentleman from Michigan has expired.

Mr. RAYBURN. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, considerable curiosity has been evidenced here today as to the reason why this resolution has been brought forward at this time. The distinguished Chairman of the Interstate and Foreign Commerce Committee gave answer to that when he stated that it was being brought forward by reason of the fact that the President of the United States had sent a letter to him as chairman and asked him to progress this matter. That should count largely in this situation, especially by reason of the fact that the New York Power Authority is the child of the President of the United States.

#### EFFECT OF RESOLUTION

The pending resolution, H.J.Res. 157, simply protects and safeguards the rights of the people of the State of New York if the St. Lawrence Treaty is ratified by the Senate. Congress by the adoption of this resolution admits the title of New York State to this power. Nor is this admission obtained without consideration. By virtue of negotiations between the New York Power Authority and the Federal Government the sum of \$89,726,000 has been allocated as New York State's share of the construction cost. This amount has been approved by the United States engineers and accepted by the New York Power Authority as its proper

and just share of the expense of the construction of the St. Lawrence Seaway. The total cost to both countries for this seaway is \$543,429,000. The total American cost of this construction is \$272,453,000. From this should be deducted New York State's contribution to construction, to wit, \$89,726,000. Therefore, the total cost to the United States for this seaway is \$182,727,000. It should be stated in that connection that the actual cost of this construction, under existing prices will, in the opinion of the engineers, probably be 25 percent less than the estimated figure. Deducting 25 percent from \$182,727,000 leaves \$137,045,223 as the probable total cost to the United States. The wild talk of America's share of this enterprise running into \$1,000,000,000 is absurd and unjustified.

It is necessary and advisable that the House pass this resolution so that when the Senate comes to consider the treaty it will know approximately what the American disbursement will be.

#### WHAT THIS SEAWAY IS

The construction of this seaway contemplates the improvement of the St. Lawrence River and the connecting waters between the Great Lakes so as to permit ocean-going ships to pass without breaking cargo from the sea to the remotest Lake ports. It will extend the ocean 1,000 miles westward into the very heart of the continent.

Mr. McDUFFIE. Will the gentleman yield?

Mr. CULKIN. I do not have much time, but I will be glad to yield to the gentleman for a question.

Mr. McDUFFIE. I want to clear up a matter in my own mind. Is the gentleman referring to the cost of that stretch of the stream which is the international boundary?

Mr. CULKIN. I refer to the entire cost of the seaway. I would say I do not refer to the present construction between Tibbetts Point and Ogdensburg, but I refer to the entire future cost of the seaway.

Mr. McDUFFIE. Those figures are very much under the figures that were submitted to our committee, which ran between \$750,000,000 and \$1,000,000,000.

Mr. CULKIN. To be frank, I have taken those figures not from the hearings but from a pamphlet which was published by the Great Lakes & St. Lawrence Waterway Association, and I assume they are authentic.

#### INTERIOR MAROONED

Senate Document No. 183, Sixty-ninth Congress, second session, summarizes the necessity for this seaway. It relates that the construction of a shipway of sufficient depth to admit ocean vessels from the Atlantic to the Great Lakes will lessen the economic handicaps of adverse transportation costs to the vast area in the interior of the American Continent. This area embraces more than 22 States. Within this area there are more than 40,000,000 people, who gain their livelihood through agricultural production and manufacturing. The people of these inland sections have had their progress retarded both from a manufacturing and agricultural standpoint by handicaps in transportation.

The building of the Panama Canal left them marooned in the interior of the continent. It placed on them unfair handicaps in matters of transportation. There can be no disagreement that the people in these inland areas are entitled to relief.

#### NEW ENGLAND'S ATTITUDE

I call the attention of the House to the Report of the Joint New England-St. Lawrence Waterway Committee, composed of political leaders, leading engineers, and publicists from seven New England States. This group found that the opening of such a waterway would be beneficial rather than detrimental, because it opens to New England industries a new and cheap transportation artery; because it results in the saving of cuts in food supplies; because it has no possible adverse effect on the railroads. This committee finally placed itself definitely on record for the consummation of a treaty with Canada and urged upon all New England local and national representatives the desirability of their full cooperation in every reasonable manner to bring this about.

## SMALL EFFECT ON NEW YORK

The claim is made in some circles that it will affect the commercial destinies of New York State. Of course, this is true to a small degree, but the fact is that New York State, through the acquisition of the water power, will be fully reimbursed through that medium.

## SENATOR WALSH STATED THE CASE

In a speech delivered before the Boston (Mass.) Chamber of Commerce on April 12, 1928, by the late Senator Walsh, of Montana, he stated:

With the marvelous development of the West, a development that has no parallel in history, the desire to see opened to general navigation the route by which the waters draining into the Great Lakes find their way into the ocean has become insistent. It is not alone the States whose territory lies in part within the basin of the St. Lawrence but as well all those beyond as far as the Rocky Mountains, whose products find an outlet through the Lake ports, that have a direct concern in this great enterprise.

## RAILROAD RATES PROHIBITIVE

It is undeniable that railroad rates for bulk commodities have become prohibitive. The only hope for the agricultural group in Midwestern America is through water-borne transportation, where the cost of carrying the products of the farm is thoroughly minimized. This affects not only the farmer of the West but the manufacturer of the East. The construction of this seaway will solve one of the major problems that now vex the western farmer. This low-cost transportation will be reflected in savings to the farmer and will result in increased comforts and an opportunity for him and his family.

Now is the time to build the St. Lawrence Seaway. Canada is ready and construction costs are extremely low. It will offer labor for the unemployed. Most of all, it will aid in removing the economic inequality from which the Western States now suffer. It will do this without appreciable injury to any locality. The passage of this pending resolution will help this great cause on its way. I very much trust this House will act favorably on this resolution. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. CULKIN] has expired.

Mr. PARKER of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Speaker, if the Senate of the United States had already ratified the St. Lawrence Waterway Treaty I would vote freely and readily for this resolution, and I take it if that were already an accomplished fact there would not be 10 votes in this House against the resolution under those circumstances. We would all be glad in that case to have New York get the power in the St. Lawrence River, and in that case we would all be glad to have the United States Government receive the \$90,000,000 from the State of New York. There is therefore no necessity for passing this resolution at this time. If the St. Lawrence Waterway Treaty is ratified, this resolution will be readily agreed upon by the House; and it therefore is offered at this time only for the purpose of bringing pressure to bear on the United States Senate in the exercise of its constitutional functions.

Recently the Wagner bill came to the House, and objection was made that that was a revenue bill and did not properly arise in the Senate. In the same way I think this resolution does not properly arise in this House at this time. It can have no other effect except to be used as an argument by the proponents of the St. Lawrence waterway when the discussion comes up in the Senate that they should ratify the waterway treaty.

Mr. CULKIN. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. CULKIN. The gentleman differs with his leader, the President of the United States, on that proposition?

Mr. PETTENGILL. I do not know what reason the President of the United States has in asking for this resolution at this time, if it is true that he in fact does ask for it.

Mr. CULKIN. In any event, the gentleman differs with him.

Mr. PETTENGILL. The President of the United States has not a more loyal supporter in this House than I, but in

this particular instance I think the Senate of the United States should take action on the treaty before we are called upon to pass upon the matter.

Mr. FISH. Is it not true that the President of the United States is a human being, and he cannot give his entire time to these matters?

Mr. PETTENGILL. I agree to that.

Now, who gets the benefit of the reduced freight rates to Europe as the result of the building of this waterway? Does the American producer get the benefit or does the European consumer get the benefit of the reduced freight rates? That is a question that cannot be answered definitely. It all depends upon the question whether in the terminal market it is a buyer's market at the time the freight arrives or whether it is a seller's market at that time.

In 1929 the American railroads reduced the cost of transporting wheat to the Atlantic seaboard for foreign export, in order to help the wheat situation, and immediately in the Liverpool market, Argentine and Australian wheat was reduced in the same amount that the freight rates were reduced in the United States, so that the benefit of the freight reduction and the loss of railroad revenues went to the European consumer and not to the American wheat grower. That could readily apply and would no doubt generally apply with reference to reduced water freight rates on wheat originating in Duluth or automobiles originating in Detroit, South Bend, Cleveland, or Buffalo.

I want to ask another question, If after we have built this seaway through Canadian territory, in large part with our money, what is then to prevent Great Britain from putting a tariff on American wheat and excluding it from the Liverpool market and letting Canadian wheat go over this seaway, built with our money, free of charge? What is to prevent her doing that? If she does do it, we become the international boobs of the world. What is to prevent her putting a tariff upon automobiles made in Detroit, after we have built the seaway, and allow Canadian-made automobiles to go freely to the English market over a seaway built with our money, contributed in part by the American automobile manufacturers?

Mr. EDMONDS. That is exactly what Great Britain has done by the Ottawa compact. She has put a duty on American wheat and allows Canadian wheat, if shipped through Montreal, to go in without duty; but if that same Canadian wheat is brought down to New York or Philadelphia and shipped, then she puts a duty on it.

Mr. PETTENGILL. I am very much afraid that this seaway will be another illustration of that old adage that we never lost a war or won a conference. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Indiana [Mr. PETTENGILL] has expired.

Mr. RAYBURN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. McREYNOLDS].

Mr. McREYNOLDS. Mr. Speaker, judging from the remarks made a few moments ago as to what might occur, anything might occur; some things will not occur, and within the realm of ordinary experience certain things may reasonably be expected to occur. It is just a case of setting up straw men only to knock them down.

It seems to me the Members of the House should be big enough to try to develop the United States as a whole instead of looking at their own special interests. There is plenty here for everybody, from the East coast to the West coast, and from the North to the South.

During the administration of President Roosevelt as Governor of the State of New York in 1931, a bill was passed and became a law providing for the Power Commission of New York, so they could protect for the people of that State practically the only great natural resource left in that section. It was specifically for the purpose of looking after the great power interests along the St. Lawrence River.

The opening of the St. Lawrence River is bound to benefit all those Western States which face on the Great Lakes. It means a 27-foot waterway from the Lakes to the ocean, which will benefit the States of Indiana, Ohio, Illinois, Michigan, Wisconsin, and Minnesota, and give them a



straight waterway to the ocean. Yet some Members in this House are willing to oppose this bill because they feel it might affect Massachusetts or somebody down on the eastern coast.

The rapids where these dams are to be built is the place where the power will be developed; and the Federal Government entered into an agreement, by consent of Congress giving them the power to ratify, with the Power Commission of New York, so that they might stand their portion of this expense and that the great State of New York might have this power at its command, that it might not fall into the hands of private interests.

When Franklin Roosevelt was Governor of the State of New York he was interested in this matter. He is interested in it today as the President of the United States.

The treaty between this country and Canada was signed last July. One week prior to that time Canada entered into an agreement with the Province of Ontario by which that Province was allowed the power rights on the Canadian side of the river. The resolution we are now considering is merely for the purpose of allowing the Federal Government to trade with the State of New York, giving that State the rights she is entitled to, at a cost of \$89,700,000 in round figures. It cuts this amount from the expense to the Federal Government, it keeps the power rights in the hands of the people of New York, and settles the question as to whether or not the Federal Government or the State of New York shall be entitled to the power rights along the St. Lawrence River which, you know, is an unsettled question.

Personally, I feel, from a reading of the record and the hearings before the Senate, that this resolution ought to pass. While it is not a part of the treaty, yet it is an auxiliary to the treaty enabling this Government, or the commissioners who represent this Government, to know what expense this Government will be put to if the treaty is signed. This resolution is an administration measure, otherwise it would not be considered at this time. [Applause.]

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. BEITER].

Mr. BEITER. Mr. Speaker and Members of the House, before proceeding with a narrative of my own thoughts on this subject let me quote a portion of an editorial of the Buffalo Courier Express of March 27, 1933:

The St. Lawrence seaway, if built, will tremendously affect the entire American continent for generations to come. Unless it means the radical realignment of the Nation's industries, the opening of new transportation channels, and the closing of old ones, then surely there is no justification in building it at all.

It would, of course, do just that. It would mean killing certain industries and revivifying others. Whole communities that draw their economic sustenance from the present distribution of economic forces would wither, others that could profit by a new alignment would blossom.

This newspaper has opposed the St. Lawrence waterway. It has believed, and it still believes, that it represents bad economics. For all of our admiration for Mr. Roosevelt, we cannot change that opinion.

We think the cost would not be a "few hundred millions", as its proponents have contended, but more than a billion dollars; and that opinion is based upon the most careful calculations of competent engineers. Other millions would have to be spent by Great Lakes cities to dredge harbors to the depth required for ocean-going vessels.

Perhaps everyone here knows more about the St. Lawrence waterway than I do, a subject which has been so extensively discussed during the seventy-second session of Congress and so ably explained to you by the Foreign Relations Committee.

The Government has a rather limited number of ways for disbursing funds to create employment. It would build a dam to irrigate unneeded fields, to compete with and close down a nearby power plant or to improve the navigation of a stream to put a locomotive engineer out of a job. It may build a highway or a waterway to weaken a railroad in its ability to meet its tax assessments. And on top of all, in many of these activities, it lowers the taxing ability of many hard-pressed States, cities, and towns through the removal of power-plant earnings or the placing of real estate outside of a taxable classification.

As taxpayers and loyal American citizens we should protest emphatically the construction of the St. Lawrence waterway on the ground that at this time, when our Nation should practice strictest economy in balancing the National Budget, it would represent the absolutely unwarranted expenditure of a billion dollars without any known good to the citizens of this country.

A large operator, operating a fleet of 18 large vessels in the upper Lakes trade and 25 "canalers" in the St. Lawrence trade, paints a picture of the marvelous efficiency of the Great Lakes fleet, and with this as a background, concludes:

\* \* \* a very small percentage of the great commerce of the Lakes will utilize the St. Lawrence River, if completed \* \* \* the savings, if any, would be out of proportion to the stupendous cost that is estimated and reported in the public press.

The Lake Carriers' Association expressed its disapproval of the development when, on November 10, the executive committee passed the following resolution:

*Resolved*, That the vessel interests represented by the Lake Carriers' Association are opposed to the proposed improvement of the St. Lawrence waterway for reasons which will be compiled and submitted to our general counsel for his further consideration and preparations for presentation in Government hearings at Washington.

In compliance with this resolution, representatives of the association appeared on November 16, 1932, before the subcommittee of the Senate Committee on Foreign Relations in opposition to the project.

The St. Lawrence Waterway Treaty will presumably lead to the construction of a shipway from the head of the Lakes to the port of Montreal, to which port sea-going vessels may now enter. This proposed construction of a shipway involves a 27-foot channel for sea-going ships. There is to be a collateral development of power. Expenses of construction and maintenance and the collateral power developed are to be shared by the Dominion of Canada and the United States.

Those millions, plus additional millions for upkeep and maintenance, would have to come out of the pockets of American and Canadian taxpayers. They would represent a direct subsidy to shipping—not to all shipping but to certain favored classes of shipping.

Operations thereon will be in competition with, and will divert traffic from, rail carriers during 6½ or 7 months of the year when operating costs are lowest, but will require the railroads to provide maximum facilities during the winter months, when operating costs are at a maximum. Notwithstanding this diversion, the obligation to handle the traffic during a part of the year will necessitate the keeping of the railroad plant at a maximum efficiency during the entire year.

The Joint Board of Engineers estimates that the entire cost of the proposed 27-foot channel, including the proposed power development, will be \$543,429,000 and that the share to be borne by the United States will be \$272,453,000.

It is estimated that of this total amount the expenditures for power development in the international section of the St. Lawrence River will represent something over \$100,000,000, one half of which is to be paid by the United States.

The project is estimated to require from 7 to 10 years for construction; an 8-year period is the general official estimate. For this period no allowance is made for interest on the money required for construction. Assuming that the entire amount will be invested only half of the period, or 4 years, and that the interest charge would be at the rate of 4 percent per annum, there would be an additional interest charge on the \$543,429,000 amounting to \$86,948,640, or an additional charge to the United States of \$43,592,480.

There are seven important harbors on the Great Lakes within the United States, namely, Duluth-Superior, Chicago-Milwaukee, Detroit, Toledo, Cleveland, and Buffalo. It has been estimated that there must be expended at least \$25,000,000 each on these seven harbors, making an aggregate of \$175,000,000 to be expended by the United States.



These estimates of costs do not include annual charges after completion nor do they include the necessity of the construction of docks.

The joint board of engineers report outlines a complete development of the power resources of the river by the construction of additional power works with an inflated capacity of approximately 5,000,000 horsepower, at a total cost of from \$620,000,000 to \$650,000,000.

The existing water-power and steam plants in the section of the United States which could be economically reached from the St. Lawrence territory by the transmission lines are quite adequate to meet the industrial development for many years to come.

The power production contemplated cannot be counted upon to liquidate the canal outlay. The value of hydroelectric power has in the last 10 years heavily depreciated, owing to the remarkable developments in efficiency of steam-power electric plants. So there is not likely to be a market for power in the large cities which have steam plants located at tidewater. In substance, the Government would be engaging in a most hazardous power speculation when the taxpayers of the Nation are already overburdened as a result of the enormous increase in recent years of Government services and public improvements, Federal, State, and local. As a temporary work-relief measure the St. Lawrence appears in no better light. Nobody knows definitely how much labor would be employed. But it is definitely known that Canadian labor would profit more than American labor.

Only 115 miles of the route, from Prescott to Cornwall, is in international territory. The rest of the route is entirely within the Dominion. Obviously, Canadian labor only would be used for work within the Dominion. American labor, presumably, would have to share opportunities for employment in the international section.

We should oppose the expenditures of public funds for the St. Lawrence project. It is not economically sound. [Applause.]

Mr. PARKER of New York. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. MEAD].

Mr. RAYBURN. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, the statement has been made on the floor that this measure is being rushed through in order to secure support for the treaty in the Senate. Whether or not that statement is correct, it seems to have considerable merit in it.

We ought to keep this treaty issue free from complications. We ought to allow the Senate to act upon the treaty independently. We should not pass this legislation and distort the issue. [Applause.] We should keep the House free to act at a later date when the Senate has reached its determination.

The debate naturally precipitates a discussion of this international question, and we ought to refrain from any such discussion until we know what is really in the treaty. If the treaty is ratified—and I for one do not believe it will be—then the House can intelligently take up this question and dispose of it properly.

I want to appeal to the Members of the House to vote down this legislation until it comes to us in its logical order. Leave the Senate free to act upon the treaty without either suggestion or interference from us. We ought to consider, first of all, the injury which will result from the ratification of a treaty such as the Senate is now considering. We may present our views to the Senate committee and then wait until the treaty is disposed of before passing this resolution. It has been explained that this seaway will injure every seaport on the Atlantic coast from Portland, Maine, to Norfolk, Va. Have we estimated the loss to our railroads, many of which are now on the verge of bankruptcy? Why do we loan the roads large sums of money on the one hand and destroy them with such competition on the other?

Do you realize that the best merchant marine under our flag on the Great Lakes and along the Atlantic coast will be forced to compete with foreign ships to the injury of our vessels, our commerce, and our seamen? Do these injuries out-

weigh the benefits? We should not consider this bill until an unbiased economic survey of the entire matter is completed and in our possession. This power question will be given consideration at the proper time. The State of New York will also be given proper consideration. We need not fear that either our national administration or the State administration will turn over to the private power interests the great power resources of the St. Lawrence. This question will be taken care of and the power will be given to the Power Authority of the State of New York for the benefit of all the people.

Let me remind you, Mr. Speaker, that Canada placed a preferential tariff of 6 cents a bushel on Canadian wheat going through the Lakes for English markets. This was not only an embargo; it was a boycott against the United States. When we, with our people's money, construct this seaway we aid this boycott. I do not think we should be a party to any effort of this kind, because it is detrimental to our general welfare. Before we spend our taxpayers' money in Canada we ought to see to it that the rivers, harbors, and the lakes of our own land are properly developed and improved. [Applause.]

Before we pass any legislation bearing on the general subject of the St. Lawrence seaway, or before the Senate itself acts upon the treaty, we should have an official unbiased economic survey made of this entire project. This survey should take into consideration the cost of the enterprise, the electrical energy which can be developed, the effect this project will have upon our ships and shipping on the Great Lakes, the losses which may result to our railroads and to our North Atlantic seaports, and such other questions as will necessarily be affected as a result of the ratification of this treaty. Not only is it necessary for the Congress to have the estimated benefits which will result from the opening of this seaway, but we must also be in possession of such injuries as will result in a necessary readjustment of present-day transportation facilities. It must be remembered in any consideration given to this subject that the question is a two-sided one, and unless the benefits outweigh the evils the United States should never be a party to this contract.

I would further suggest that the proposed economic survey consider the following objections advanced in opposition to the ratification of the proposed treaty: First, the St. Lawrence River is 90 percent a Canadian river; second, only 10 percent of the grain that may be exported through this seaway would be American grain; third, less than 5 percent of the ocean-going ships engaged in the transportation of grain would be American owned; fourth, less than 20 percent of the water power capable of development would be on American soil; fifth, two thirds of the new money invested in this enterprise would be American money; sixth, due to weather conditions this seaway is closed as much as 6 months a year; seventh, experts in this type of construction have estimated the cost of the project to be approximately \$1,000,000,000; eighth, the treaty internationalizes Lake Michigan, which is an American lake wholly within the United States; ninth, the treaty does not provide sufficient diversion for the Mississippi River channel or the Chicago drainage canal.

How can a saving of from 8 to 10 cents a bushel on grain transported be made when the present rate is less than 5 cents from Duluth to Montreal? What will be the effect resulting from the opening of this seaway to our American seaman? Why was Canada credited with the \$128,000,000 spent in constructing the Welland Canal over 15 years ago? What will the total estimated damages to our railroads, our seaports, our canals, and our mills, elevators, terminals, be as a result of the necessary readjustment which will take place if the St. Lawrence canal is opened?

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am an unrepentant, unreconstructed, and unashamed Republican, and I am not given to throwing bouquets at my Democratic colleagues, but I would advise them to follow the intelligent advice of my good friend from New York [Mr. MEAD], who has just spoken and



with whom I served in the State legislature some 20 years ago, as well as for many years in this House, and not listen to a lot of people who do not know anything about New York State, who come here and tell you what is for the benefit of the 11,000,000 people of our State.

I also want to congratulate the gentleman from Indiana [Mr. PETTINGILL], who made a highly intelligent speech on this subject. The gentleman is quite correct. If this resolution should come before us after the St. Lawrence Waterway Treaty had been ratified, there would not be a vote or a voice against it, but as it is today it is merely an attempt to coerce the Senate into ratifying the St. Lawrence waterway project.

I may say as a preface to the remarks I am about to make that I believe that every individual Member has a right to his own opinion and his own views, and I question the sincerity of none, but as far as I am concerned I am opposed to the entire St. Lawrence waterway project. I believe it is a political myth, a political football, and a political fraud from beginning to end, and that it will never help any farmer in any State of the Union, that there has never been since I have been in Congress any proposal that has come before the Congress that had so much propaganda back of it, so much subsidy, and so much false information.

Why, I am informed there are some 20 States of the middle West that have been so propagandized that even their State legislatures appropriate or have appropriated money to send lobbyists down here to Washington to tell us that the salvation of the western farmers and the wheatgrowers is the construction of the St. Lawrence canal, yet I am sure that if you study this problem you will find it will not help a single farmer to sell a single bushel of wheat to any foreign country in the world.

What does it do? It diverts the trade from Boston, from Providence, from New York, from Philadelphia, from Baltimore, from Norfolk, and from all the southern ports and sends it to Montreal and out through foreign bottoms to European nations. This is why we in New York, who built the Erie Canal at the expense of our own taxpayers, are naturally opposed to diverting trade from the greatest American port to a foreign port through use of Federal appropriations and the money of American taxpayers.

I am not discussing this bill, I am discussing the ultimate question of whether we will build the St. Lawrence ship canal or not. It is preposterous to call upon the taxpayers of the State of New York, who put up 30 percent of all the taxes for everything that is done by the Federal Government in this country, to now put up 30 percent of the money to build the St. Lawrence ship canal to divert trade from Buffalo, Rochester, Syracuse, Albany, and the city of New York. This is why we who are from New York think this proposition ought to be faced with the facts, that it is against the interest of 30,000,000 consumers in the East and ruinous to American export and import trade.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FISH. I cannot yield in 5 minutes.

I hold in my hand a statement issued by a Toronto newspaper, in which it is stated that Canadian labor and Canadian materials will be used, and in which it is also stated that Chicago will be checked and Lake Michigan internationalized, all for the advantage of whom? For the American farmer? No. This is entirely for the benefit of Canada and the Canadians, and I think I know as much about this subject as anyone, because I spend a month or two every year on the St. Lawrence River at Murray Bay. I know it is not feasible or practicable to ship American wheat through Canada in competition with the preferential rates and the preferential treatment agreed upon at the Ottawa Conference.

[Here the gavel fell.]

Mr. PARKER of New York. I yield the gentleman 1 additional minute.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FISH. I cannot yield in 1 minute.

I know this canal is not feasible. I know that during the summer the river is fog-bound twice a week and I know that

during the winter it is ice-bound. I know if it were feasible, and so do you, the shipping interests out of the city of New York would have moved up to Montreal long ago.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. FISH. I cannot yield, but I will say this. The State represented by the gentleman from Minnesota and his associates has used the St. Lawrence waterway as a political issue for years and years. They have been elected on the proposition that the St. Lawrence ocean-ship canal is the way to save the western farmers. They have gone through political campaign after political campaign, making glowing promises of immediate prosperity and untold wealth. The farmers have been deceived and I say now that if this canal goes through it will not benefit a single American farmer but it will help to destroy the eastern ports of the United States of America and further reduce traffic on American railroads and American ships. How can it benefit the wheat or grain farmers, who originally were propagandized into honestly believing that the St. Lawrence waterway would provide substantially cheaper freight rates to Europe, but whose eyes have been opened in recent years to the fact that it was nothing but a political myth? Its chief advocate, Herbert Hoover, did not carry a single one of these Middle Western States. Why, it is stated that the western farmer will save 10 cents a bushel in freight rates to Europe, when the actual total cost of ocean transportation is 10 cents a bushel. If the Congress favors an ocean-ship canal to the Great Lakes it should be an American canal, built by American money and American labor via the Hudson River to Oswego, on Lake Ontario.

Such a canal would be advantageous to both the western producer of grain and raw material and to the eastern manufacturer and consumer. Ninety percent of the market for western farm products is in the eastern seaboard States, and anything that detracts from their prosperity will lessen their buying power of foodstuffs from the Western States.

Mr. PARKER of New York. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. DOUGLASS].

Mr. DOUGLASS. Mr. Speaker and Members of the House, I have no apology to make to the chairman of the Foreign Relations Committee for the defense of the interests of the State I have the honor to represent in this House. I should be remiss in my duty if I did not defend the interests of the port of Boston, which I have the honor to represent.

There is no doubt—and the debate here shows it—that the real purpose of this resolution is to make a psychological development in favor of the ratification of the St. Lawrence Waterway Treaty in the Senate.

One of my brother Members accuses me of a selfish, sectional interest. He comes from a western State. I come from an eastern State. But in my opposition to the building of the St. Lawrence canal I believe I am serving the interests of both East and West. When this St. Lawrence waterway question was debated in the last session of Congress the whole argument in its favor was that it would obtain cheaper freight rates across the sea for the products of the farms in the West.

By the ratification of the treaty you will practically destroy the commerce of the whole Atlantic coast. After the United States has spent a half a billion dollars for this new construction, which ought to be done mostly by Canada, remember the St. Lawrence River will still be controlled by Great Britain and not in the interest of the American merchant marine.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. DOUGLASS. No; I cannot yield; I have not the time. There is no question but what the port of Boston in recent years has lost much commerce to other ports in America. With that I find no fault, because the business is going to Americans, but when we find that the business of our port is going to go in foreign bottoms, then we earnestly protest.

The State of Massachusetts, in part represented by me in this debate, is fighting and will continue to fight for the best interests of Western States. Gentlemen, you cannot destroy the commerce of the Atlantic coast and have prosperity in the West. We in Massachusetts and New England



have been helping enact your farm bill. Now, if we are generous with you in respect to raising the prices of your commodities through inflation, then you ought not to destroy our commerce along the Atlantic coast. [Applause.]

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. LAMNECK].

Mr. LAMNECK. Mr. Speaker, ladies and gentlemen of the House, I come from Columbus, Ohio, an inland city, and I cannot for the life of me see how the St. Lawrence waterway is going to help the Buckeye State.

The reason I am against the bill and against this resolution is because it is mixing up the St. Lawrence deep-waterway issue with another matter in the hope that it will influence the Senate to ratify the treaty with Canada. I am opposed, too, because 90 percent of the improvement is in Canadian territory. I am opposed to it because 90 percent of the grain that will go through the canal will be Canadian grain. As far as I am concerned, I do not want to make any contract with foreign countries which I do not have to.

The cost will be at least \$1,000,000,000. The interest on this debt will be a sufficient amount to pay all freight charges on all wheat and cotton shipped to foreign countries in any one year for a generation.

The farmer of the great West has been led to believe that his chances of selling his products in foreign countries will be greatly enhanced by the building of the St. Lawrence waterway. Nothing is further from the truth. The improvement, if made, will create a competition which will make it more difficult to sell.

I have not heard any discussion here of the effect that this legislation is going to have on the railroads. The gentleman from Texas [Mr. RAYBURN], chairman of the committee, knows there is a bill before this Congress to cancel a charge against the railroads amounting to about \$360,000,000, which was accumulated under the Interstate Commerce Act. Why are we going to do that? To help the railroads. I understand the administration has a bill that is supposed to help the railroads. A dictator is going to be appointed, who will have the power to eliminate all competing lines, who will fire men, reduce salaries, deflate capital in the railroads, and here we are going to the St. Lawrence waterway to spend a billion dollars to build up a competitor. The waterway can only operate 7 months of the year. I suppose the railroads will then be called on to function when business is poor, but in good weather the foreign ships will take the business.

If we are going to help the railroads, do not build up a competitor at the expense of the taxpayers in order to do it. What about the effect on the manufacturers located in the interior? We are going to put foreign commerce right at their door on foreign boats at the expense of the taxpayers of America. You are going to move the main port of America to Montreal. That is what you will do, just as sure as you pass this bill, and those cities located on the Great Lakes that think they are going to be benefited a great deal by this legislation are going to be mistaken. Take, for instance, Lake Michigan. We have to go into an agreement that Lake Michigan from now on is supposed to be an international lake, not an American lake. What effect is it going to have on Chicago, Detroit, Milwaukee, and some other cities? [Applause.]

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. RAYBURN. Mr. Speaker, this bill has taken a most peculiar and apparently unselfish turn in some ways. Here are my friends from New York, who have always tried to bring about legislation that would benefit New York, probably to the injury of Boston and Philadelphia and the other Atlantic ports, now vitally interested in protecting the port of Boston, the port of Philadelphia, the port of Baltimore, and all of the others up and down the Atlantic coast. I live 400 miles from navigable water. If I had been voting a selfish vote all the years that I have been in Congress, I would not have voted under the argument made here today to take money away from my people to develop a river and

harbor in some other section of the country or even in my own State. I think this about this question, and I try to think it about all others. I have supported every river and harbor measure that has been presented in the 20 years that I have been a Member of Congress, not because the money was going to be spent, any part of it, in the district that I represent, or any of it within 400 miles of where I live. I have supported these river and harbor improvements because I have thought that they would help the whole country at large, and in doing that I would be doing a great thing for the people of the country. If it is a good thing for the country to develop the harbor of Galveston or Houston or Mobile or Philadelphia or Boston, then it should be a good thing for the country to develop this waterway on the St. Lawrence, and some of our friends here who have talked about selfishness say, Why should we do this thing, which has been propagandized by 20 States? Why should not Minnesota, why should not Wisconsin, why should not Illinois and Indiana and Ohio and those States be brought closer to water than they are?

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. McDUFFIE. The gentleman has been very generous in casting his vote for river and harbor improvements and the development of our commerce, and what I want the gentleman to talk about this afternoon is as to why this resolution should be presented to this House before the ratification of the treaty by the Senate of the United States.

Mr. RAYBURN. I stated that awhile ago. I stated that in the report that was made; that this is an agreement which has been brought about, as the gentleman from New York [Mr. SNELL] says, after 20 years of negotiation, and I think we ought to nail it down now. I think that the rights of the State of New York and the rights of the Government of the United States in this matter should be determined before the treaty is ratified, and not before.

Mr. PARKER of New York. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. PARKER of New York. Simply to remind the gentleman that he is making exactly the argument that I did; that the resolution in question is not under discussion here, but it is the matter of the development of the St. Lawrence waterway.

Mr. RAYBURN. The resolution is the only thing under discussion.

Mr. PARKER of New York. But the gentleman is discussing the waterway.

Mr. RAYBURN. Yes; because I had to say something in reply to these gentlemen who do not talk about the resolution.

Mr. DE PRIEST. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. DE PRIEST. What effect will this so-called "treaty" have upon the Chicago drainage system and the Mississippi River improvements?

Mr. RAYBURN. I do not know. I am not passing on the terms of the treaty.

Mr. DE PRIEST. Does not the treaty provide that the commission appointed by the United States and Canada shall control the supply of water of Lake Michigan and make it an international lake instead of a private lake? Lake Michigan does not touch one inch of Canadian land.

Mr. RAYBURN. I do not know about that. I do not know anything about the treaty. I have never read the treaty.

Mr. DE PRIEST. It will be detrimental to the Mississippi waterway proposition.

Mr. RAYBURN. I am not arguing the treaty at all. I am arguing this matter, as the gentleman from New York [Mr. SNELL] says, and nailing down this agreement while we have an opportunity to do it.

Mr. CULKIN. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. CULKIN. May I say in regard to the query of the gentleman from Illinois [Mr. DE PRIEST] that this treaty



provides that the diversion at Chicago shall be as fixed by the decision of the Supreme Court of the United States?

Mr. DE PRIEST. Until when? Nineteen hundred and thirty-eight, is it not?

Mr. CULKIN. Forever; unless the treaty is modified.

The SPEAKER. The time of the gentleman from Texas [Mr. RAYBURN] has expired. All time has expired.

CLAIMS OF PAN AMERICAN PETROLEUM CO. AND RICHFIELD OIL CO. OF CALIFORNIA

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report from that committee (H.Res. 119, Rept. No. 53) on Senate Joint Resolution 13:

#### House Resolution 119

*Resolved*, That immediately upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S.J.Res. 13, a resolution "Authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered."

After general debate, which shall be confined to the resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Public Lands, the resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the resolution for amendment, the Committee shall rise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and the amendments thereto to final passage, without intervening motion, except one motion to recommit.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on the Public Lands may have until midnight to file a report on the resolution, S.J.Res. 13.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

#### THE PARCEL POST

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech by Hon. HARRY L. HAINES, of the Committee on the Post Office and Post Roads, delivered in Washington a few days ago.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MEAD]?

There was no objection.

Mr. MEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following radio address of Hon. HARRY L. HAINES, of Pennsylvania, member of the House Committee on the Post Office and Post Roads, delivered during the National Broadcasting Co. farm-and-home hour, April 13, 1933:

Ladies and gentlemen of the radio audience, permit me to express my appreciation for the courtesy extended to me upon this occasion and the hope that what I may have to say will be helpful to my fellow Americans.

I want to speak to you about the greatest business organization in the Government—an organization that can serve all our people more efficiently if all of us are willing to cooperate. I refer to your great post-office system, the greatest in the entire world. I want to address myself particularly to the service of Parcel Post and what it means to you of the farm-and-home hour.

Organized in 1913 and handling more than 600,000,000 parcels the first year, and which has grown to the enormous amount of more than a billion parcels being handled each year, and its ability to handle another billion without much additional cost to the service; in fact, its growth will mean a reduced cost to the patrons if they will avail themselves of the opportunities that are presented to our people. Parcel post comprises mail exceeding 8 ounces in weight and includes merchandise, farm and factory products, seeds, plants, books, circulars, and printed matter not embraced in other classes of mail. We now have more than 43,000 rural routes through which parcels are delivered, and than the personnel of which there is no finer body of men in our Nation, rendering that service with a smile, penetrating every part of this country, making it possible for our people in the most remote places to deal with their fellow citizens everywhere. I want to pay my tribute to that fine group of postal employees who have so unselfishly made it possible for all our people to enjoy every convenience of this modern day. This same servant who delivers your mail to you will deliver for you, so that this offers opportunities for every citizen to build a business for himself and having a transportation service unequaled in the conduct of your business.

I know there are many of our people who believe that Parcel Post gives a monopoly to our large mail-order houses only, but permit me to say that the same service that is rendered for the large corporation can be rendered for you, no matter how small and insignificant you might consider your business.

There is a thrill in the mailman's whistle, for millions of men and women watch and wait for him every day with hope and longing in their hearts. As a boy I recall the thrill that came to me when the little package was delivered by the postmaster in my home town, even before the days of Parcel Post, and that same thrill is in the heart of the boy of today who may have made his first adventure in the field of commerce.

What does Parcel Post have to offer to those of us who live in rural United States? It gives us an opportunity to reach the markets of the country; in our large cities, in our smaller towns, and even to those of our fellow citizens who live in the smaller communities. The possibilities offered by the Parcel Post System was quickly realized by our merchants and business men in the cities, but we of the rural sections have not been awake to the many advantages and opportunities it offered to us. The farmer who is alive to the present-day situation can build for himself a market even under the present economic depression. There are millions of our people anxious to trade with you, wanting to buy the product of your efforts, willing to pay you that middleman's profit that is now denied to you, happy to have the fresh vegetables and the farm products that are not always to be had in our larger centers of population.

Parcel Post offers an equal advantage to the small-town merchant that is offered to the mail-order house. Thousands of small-town merchants have built up a fine business for themselves by taking advantage of this system of transportation, but business men must be alive today and realize that the business practices and policies of the last decade will not fit into the present scheme of trade. To do a successful parcel-post business the merchant must be prepared to box up the merchandise in a neat package, addressed with a sticker or shipping tag that can also carry his advertisement, and by keeping his name before the public becomes well known. Your customers want to deal with you if you deliver promptly, parcel carefully wrapped up and addressed, all of which means so much in the conduct of any business. If you are careless in addressing your packages and send out an unsightly parcel, you cannot expect to make a favorable impression with your trade. Let me ask you, have you anything to sell? If you have, there is a buyer for your goods somewhere, and the best and cheapest salesman in all the world is the postman. He is trustworthy, he delivers your package on time, in good condition, even collects your money for you in advance of the delivery of the package, for which a small additional charge is made. Mr. Farmer, have you ever given any thought to selling your products direct to the consumer?

You say that you cannot do it—have you tried? You may live near a town of some considerable size. It is not difficult to procure the names of prominent people in any community. Your telephone directory gives you the names of many fine citizens. Have you ever thought of addressing a post card or a letter to a list of prospective customers, listing therein or thereon what you have to offer? It is so simple that it requires no abundance of education to do this. Many of our great merchant princes were men of limited education, but they had an idea—they developed that idea—they had faith in themselves—they were honest in the representation of their merchandise or product—they built a reputation because of the service and quality of their product. You can do this.

You can go to your local printer and he will help you write up your letter or card, and a few dollars invested in the United States mails may mean the beginning of a profitable business; and what might be an unprofitable farm can be developed into a going business.

The next step is to buy attractive containers, so that your parcel will have a nice, clean appearance when it is delivered to your customer. You can send 70 pounds in one parcel. Do you know that there are many homes in our cities that would like to buy their vegetables by parcel post? Some ladies have built a business by the product of their own kitchens. Parcel Post offers unlimited opportunities to develop such a business, for in our larger centers of population people are anxious to buy the farmer's cakes and pies. One man in a large city had a losing delicatessen business. He conceived the idea of wrapping his meats in cellophane and displaying this new idea in his windows. Now he has a business, built in a short period of time, employing four meat cutters, where he formerly had no one but himself cutting meat. The meat was the same, but the manner of presenting it to the trade made it inviting to all who looked into his window. Today he uses parcel post and mails his meat to people who have a delicatessen store right in their own neighborhood. Parcel post has enabled him to build a fine clientele, and what one man can do is possible for the other. I know a cigar dealer in a nearby city that mails cigars from coast to coast—people buying standard brands and having them mailed by parcel post from a distant city when the same cigars could have been purchased just around the corner. Parcel Post has meant much to this merchant, and it can mean as much to any merchant by the practice of honest methods and the solicitation on the part of the man who has something to sell. I have heard it said that the building of so many good roads takes business away from the small merchant because of the automobile and good roads leading into the towns. These roads run in both directions, and the opportunity that is given to the



city merchant is also given to the small-town merchant, but he must be awake and do business in the modern way.

Parcel Post offers every advantage to the small merchant, for it enables him to buy goods more frequently; he can buy in smaller quantities and is assured wonderful delivery because of this great system. The Post Office Department is not in competition with any other business in offering this service to our taxpayers, but, on the contrary, is making a great contribution to business in what it has to offer. Without this service our great host of fine people living in the rural sections would not have the privileges they now have, and I want to appeal to our people throughout the Nation to patronize this service, and in recommending the service I feel that I am not injuring any other business, for there is no competition in the parcel-post business. There are thousands of inland communities which cannot be reached by our railroads or other transportation facilities. The Parcel Post Service is daily—every day; it is dependable and it is indispensable in our modern method of trading. It is the creator of markets. It makes a market for every product—for every man, woman, or business enterprise that wants to develop. Without a doubt the system has helped our great mail-order houses, but that is no reason for you to feel that it cannot help you, for if it made potential business for these larger concerns, it can help you in an humble way to start and build for yourself. I have one ambition in this talk to you, my unseen audience, and that is to inspire my farmer friends to give much thought to the great service Parcel Post can be to them. I know our farmers are greatly disturbed these days because of the economic ills that now so completely beset them on every side, and yet I know farmers who are making money, are happy, know nothing about the ills that others say they are experiencing. An investigation will reveal the cause, and that is these men have applied themselves to the modern method of business. They are not living as they did 50 years ago, neither are they attempting to do business as they did 50 years ago. These are days when the very souls of men are being tried, and yet these are days when these very souls can emerge triumphant by the application of modern methods of marketing their products.

Talk this matter over with your nearest postmaster. He can give you full information and will be glad to help you. If you want additional information, write to the Post Office Department, Director of Parcel Post, Washington, D.C.

The next time you receive that package delivered to you by the mailman, please consider how easy it would be for you to sell your product the same way. If millions of pairs of stockings are mailed in parcel post, millions of fresh eggs from the farm to the consumer in the metropolis can likewise be mailed.

The modern way practiced by the farmer will result in emancipating him from dependency to the thrill that comes in the accomplishment of that which was not thought possible.

It has been a pleasure for me to give you this message, and I trust that you will remember that parcel post is your own business, for you are a part of this great Government, so that any success in this service is a benefit to all our people.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. Under the agreement on the bill with reference to the St. Lawrence Treaty reached this afternoon, would it be in order for any Member so desiring to make a motion to recommit tomorrow morning before a vote is taken?

The SPEAKER. A motion to recommit will be in order after a third reading of the bill. If it reaches that stage today, it will be in order at that time.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. TAYLOR of Tennessee, for 4 days, on account of important business.

To Mr. KLEBERG, for 1 day, on account of important business.

To Mr. Sisson, for today, on account of official business.

To Mr. BROOKS, for 3 days, on account of illness.

To Mr. WILLFORD, for 3 days, on account of important business.

To Mr. FIESINGER, indefinitely, on account of illness.

To Mr. RUDD, for the remainder of the week, on account of death in family.

#### GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The SPEAKER. The question is on the engrossment and third reading of the resolution.

The resolution was ordered to be engrossed and read a third time, and was read the third time.

Mr. PARKER of New York. Mr. Speaker, I have a motion to recommit the resolution.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. PARKER of New York. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion of the gentleman from New York [Mr. PARKER].

The Clerk read as follows:

Mr. PARKER of New York moves to recommit the resolution to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the same back to the House forthwith with the following amendment:

"At the end of the resolution insert 'Provided, That the passage of this resolution shall be in no way construed as an expression of the attitude of the House as to the merits of the proposed treaty between the United States and Canada.'"

Mr. SNELL. I understand that is just offered for the information of the House and it will go over until tomorrow.

#### ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly the House (at 4 o'clock and 12 minutes p.m.) adjourned until tomorrow, April 26, 1933, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

28. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1933, in the sum of \$1,200, was taken from the Speaker's table and referred to the Committee on Appropriations.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 3519. A bill to exempt from the quota parents of citizens of the United States, and for other purposes; with amendment (Rept. No. 52). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 119. Resolution providing for the consideration of Senate Joint Resolution 13, a joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered; without amendment (Rept. No. 53). Referred to the House Calendar.

Mr. FULLER: Committee on the Public Lands. Senate Joint Resolution 13. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered; without amendment (Rept. No. 54). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H.R. 5240. A bill to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; without amendment (Rept. No. 55). Referred to the Committee of the Whole House on the state of the Union.



## CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 5067) granting an increase of pension to Fidelia L. Mitchell, and the same was referred to the Committee on Invalid Pensions.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEWIS of Maryland: A bill (H.R. 5232) giving the protection of the law to the worker's right to work and to a just share of the employment available; forming trade associations to stabilize business and to provide unemployment insurance, etc.; and imposing certain excise taxes, with privilege drawback; to the Committee on Ways and Means.

By Mr. WHITE: A bill (H.R. 5233) to preserve and protect the gold standard through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent and under such regulations as will provide protection to the gold standard and operate to restore and stabilize commodity prices; to the Committee on Coinage, Weights, and Measures.

By Mr. McCORMACK: A bill (H.R. 5234) to authorize the Reconstruction Finance Corporation to make loans to aid the fishing industry; to the Committee on Banking and Currency.

By Mr. BUCK: A bill (H.R. 5235) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. MORAN: A bill (H.R. 5236) for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TRUAX: A bill (H.R. 5237) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, approved March 3, 1933; to restore confidence and prevent revolution by farmers and home owners by providing for a suspension of real-estate foreclosures for a period of 1 year; to the Committee on the Judiciary.

By Mr. CELLER: A bill (H.R. 5238) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WHITE: A bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on the Public Lands.

By Mr. STEAGALL: A bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. O'CONNOR: Resolution (H.Res. 119) providing for the consideration of Senate Joint Resolution 13, a joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered; to the Committee on Rules.

By Mr. DIES: Joint resolution (H.J.Res. 163) to abolish a judicial district; to the Committee on the Judiciary.

## MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the mineral leasing division of the United States Geological Survey; to the Committee on the Public Lands.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to authorize \$4,000,000 to be expended by the highway engineer upon plans and specifications approved by the Secretary of Agriculture of the United States; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of California, memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of California, memorializing Congress to enact a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust in real property; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress to increase national currency; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to enact legislation for the acceptance, by the Bureau of Immigration of the Department of Labor of the United States, of certificates of Hawaiian birth as prima-facie evidence of the fact as set forth in such certificates of birth in the Territory of Hawaii; to the Committee on Immigration and Naturalization.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 5241) to authorize the settlement, allowance, and payment of certain claims, and for other purposes; to the Committee on Claims.

Also, a bill (H.R. 5242) for the relief of William C. Campbell; to the Committee on Claims.

Also, a bill (H.R. 5243) to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; to the Committee on Claims.

Also, a bill (H.R. 5244) authorizing adjustment of the claim of the Wilnot Castle Co.; to the Committee on Claims.

Also, a bill (H.R. 5245) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also, a bill (H.R. 5246) for the relief of L. E. Geary; to the Committee on Claims.

Also, a bill (H.R. 5247) authorizing adjustment of the claim of the Adelphia Bank & Trust Co. of Philadelphia; to the Committee on Claims.

By Mr. BRUNNER: A bill (H.R. 5248) for the relief of Walter C. Morris; to the Committee on Claims.

By Mr. CANNON of Wisconsin: A bill (H.R. 5249) for the relief of Henry A. Moody; to the Committee on Military Affairs.

Also, a bill (H.R. 5250) granting a pension to William Gary; to the Committee on Pensions.

By Mr. CAVICCHIA: A bill (H.R. 5251) for the relief of Frederick H. Huff; to the Committee on Military Affairs.

By Mr. COLLINS of California: A bill (H.R. 5252) for the relief of Richard M. Thompson; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 5253) granting an increase of pension to James H. Anderson; to the Committee on Pensions.

By Mr. HARLAN: A bill (H.R. 5254) for the relief of Charles J. Naudascher; to the Committee on Military Affairs.

By Mr. LEHR: A bill (H.R. 5255) granting a pension to Elizabeth K. Hack; to the Committee on Invalid Pensions.

By Mr. LEWIS of Maryland: A bill (H.R. 5256) granting a pension to Golda Stump Darr; to the Committee on Pensions.

By Mr. SHANNON: A bill (H.R. 5257) granting a pension to Mattie Harris; to the Committee on Invalid Pensions.

By Mr. SMITH of Washington: A bill (H.R. 5258) for the relief of Emanuel Wallin; to the Committee on the Public Lands.

By Mr. WEAVER: A bill (H.R. 5259) granting an increase of pension to Lindsey Smith; to the Committee on Pensions.

By Mr. WILCOX: A bill (H.R. 5260) for the relief of the legal representatives of the estate of Paul Arnau; to the Committee on Claims.

Also, a bill (H.R. 5261) for the relief of Walter J. Bryson Paving Co.; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

703. By Mr. BEITER: Petition of Erie County Committee, American Legion Auxiliary, at Buffalo, N.Y., protesting movement to further limit national defense on the ground of economy, and urging that the appropriation for attendance of the National Guard in summer and armory drills be retained; to the Committee on Appropriations.

704. By Mr. CULLEN: Petition of Forest City Branch, No. 40, National Association of Letter Carriers, Cleveland, Ohio, protesting against ruling of W. E. Buffington, Comptroller, which they assert is a discrimination created through the application of the furlough plan during the present fiscal year and particularly injurious to the letter carriers; to the Committee on the Post Office and Post Roads.

705. By Mr. HOWARD: Resolution adopted by the Nebraska State Legislature, petitioning the Congress of the United States to promote, initiate, and support any legislation for the purpose of requiring all motor-vehicle fuels to contain ethyl alcohol in a volume of not less than 10 percent of the mixture; to the Committee on Agriculture.

706. Also, resolution submitted by the House of Representatives of the Nebraska State Legislature, petitioning and memorializing the Congress of the United States to enact uniform Federal corporation laws; to the Committee on Ways and Means.

707. By Mr. JOHNSON of Texas: Petition of A. J. Patton, of Corsicana, Tex., opposing House bill 3769; to the Committee on Interstate and Foreign Commerce.

708. By Mr. HOWARD: Resolution adopted by the Senate and House of Representatives of the Nebraska State Legislature, memorializing the Secretary of Agriculture of the United States to take steps to reduce rates and fees charged for services rendered shippers and patrons of the Union Stock Yards Co., Omaha, Nebr.; to the Committee on Agriculture.

709. By Mr. LINDSAY: Petition of Actors Equity Association, New York City, urging support of House Resolution 95; to the Committee on Interstate and Foreign Commerce.

710. Also, petition of National Cooperative Council, Washington, D.C., favoring rise in commodity prices by means of change in the monetary system; to the Committee on Agriculture.

711. Also, petition of Brooklyn Eastern District Terminal, New York, urging defeat of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

712. Also, petition of Greater New York Savings Bank, William Obermeyer, president, Brooklyn, N.Y., opposing publicity of loans made by Reconstruction Finance Corporation; to the Committee on Banking and Currency.

713. By Mr. LUNDEEN: Petition of the Legislature of the State of Minnesota, resolving that the rates of interest as provided for in the bill, H.R. 4795, are too high to be of sufficient value to the farmers of Minnesota at this time, and urging the Congress of the United States to lower the inter-

est rate provided for in this bill to 3 percent per annum; to the Committee on Agriculture.

714. Also, petition of the Legislature of the State of Minnesota, requesting that the United States Department of Agriculture cause a reduction in the yardage fees and feed charges of at least 30 percent of the present prices, and that the commission fees of commission firms operating in the terminal markets of the State of Minnesota be likewise reduced at least 15 percent of the present charges; to the Committee on Agriculture.

715. By Mr. MEAD: Petition of Niagara County (N.Y.) American Legion, opposing Soviet recognition by the United States, Army cuts, and proposed discontinuance of the Veterans' Administrative office at Buffalo, N.Y.; to the Committee on Foreign Affairs.

716. By Mr. RUDD: Petition of Actors Equity Association, New York City, favoring the passage of the Sirovich House Resolution 95, to create a committee to investigate motion-picture industry; to the Committee on Interstate and Foreign Commerce.

717. Also, petition of William Obermeyer, president Greater New York Savings Bank, favoring legislation to eliminate publicity of loans made by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

718. Also, petition of Custom House Employees' Association, opposing the compulsory retirement; to the Committee on Appropriations.

719. Also, petition of Brooklyn Eastern District Terminal, Brooklyn, N.Y., opposing the passage of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

720. By Mr. SWICK: Petition of National Tube Co., of Ellwood City, Lawrence County, Pa., and 12 employees thereof, including George W. Wilson, secretary of the Foreman's Club, urging defeat or liberal modification of the Black 30-hour bill; to the Committee on the Judiciary.

721. Also, petition of L. D. Reilly, J. D. Walker, P. G. Carr, and Alex W. Johns, all of Ambridge, Beaver County, Pa., urging the defeat of the Black 30-hour bill; to the Committee on the Judiciary.

722. Also, petition of D. S. Pyle, manager; H. R. Grovenster, master mechanic; Charles Watkins, roller; and Ralph Donaldson, of the Shenango Works, American Sheet & Tin Plate Co., New Castle, Pa., urging the defeat of the Black 30-hour bill; to the Committee on the Judiciary.

723. Also, petition of Beaver Falls Chamber of Commerce, Beaver Falls, Beaver County, Pa., urging the defeat of the Black 30-hour bill; to the Committee on the Judiciary.

724. By Mr. TRAEGER: Petition of the Council of the City of San Jose, Calif., dated April 10, 1933, requesting that the U.S. frigate *Constitution* remain at the port of San Francisco for a period of not less than 1 year; to the Committee on Naval Affairs.

725. By Mr. WEIDEMAN: Memorial of State of Michigan, Fifty-seventh Legislature, regular session of 1933, urging the United States Congress to reflate the dollar, and that the Congress of the United States reclaim its function under the Constitution, namely, to coin money and regulate the value thereof; to the Committee on Banking and Currency.

726. By Mr. WHITE: Memorial of the Legislature of the State of Idaho, memorializing Congress to enact into law Senate bill 1043, to confer upon the States of Montana, Wyoming, and Idaho the right to tax, for State and county purposes, persons, copartnerships, and corporations and their property within that portion of the Yellowstone National Park which lies within the boundary lines of said States; to the Committee on Ways and Means.

727. By the SPEAKER: Petition of the city of El Segundo, Calif., relative to the recognition of municipal bonds of such standard to be eligible to permit the Government to issue currency on the same; to the Committee on Banking and Currency.

728. Also, petition of Quincy, Mass., endorsing April 30, 1933, as President's Day; to the Committee on the Judiciary.